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Senate Amendment to
House File 2460

H-8509

1 Amend House File 2460, as amended, passed, and
2 reprinted by the House, as follows:

3 <1. By striking everything after the enacting
4 clause and inserting:

5 <Section 1. Section 2.48, subsection 3, paragraph
6 b, subparagraph (2), Code 2011, is amended by striking
7 the subparagraph.

8 Sec. 2. Section 2.48, subsection 3, paragraph
9 c, Code 2011, is amended by adding the following new
10 subparagraph:

11 NEW SUBPARAGRAPH. (6) Property tax revenue
12 divisions for urban renewal areas under section 403.19.

13 Sec. 3. Section 11.11, Code Supplement 2011, is
14 amended to read as follows:

15 **11.11 Scope of audits.**

16 The written report of the audit of a governmental
17 subdivision shall include the auditor's opinion as
18 to whether a governmental subdivision's financial
19 statements are presented fairly in all material
20 respects in conformity with generally accepted
21 accounting principles or with an other comprehensive
22 basis of accounting. As a part of conducting an
23 audit of a governmental subdivision, an evaluation of
24 internal control and tests for compliance with laws and
25 regulations shall be performed. As part of conducting
26 an audit of a governmental subdivision, an examination
27 of the governmental subdivision's compliance with the
28 reporting requirements of section 331.403, subsection
29 3, or 384.22, subsection 2, if applicable, shall be
30 performed.

31 Sec. 4. Section 24.21, Code 2011, is amended to
32 read as follows:

33 **24.21 Transfer of inactive funds.**

34 Subject to the provisions of any law relating to
35 municipalities, when the necessity for maintaining any
36 fund of the municipality has ceased to exist, and a
37 balance remains in said fund, the certifying board or
38 levying board, as the case may be, shall so declare by
39 resolution, and upon such declaration, such balance
40 shall forthwith be transferred to the fund or funds of
41 the municipality designated by such board, unless other
42 provisions have been made in creating such fund in
43 which such balance remains. In the case of a special
44 fund created by a city or a county under section
45 403.19, such balance remaining in the fund shall be
46 allocated to and paid into the funds for the respective
47 taxing districts as taxes by or for the taxing district
48 into which all other property taxes are paid.

49 Sec. 5. Section 331.403, subsection 3, Code 2011,
50 is amended by striking the subsection and inserting in

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1 lieu thereof the following:
2 3. a. Each county that had an urban renewal
3 plan and area in effect at any time during the most
4 recently ended fiscal year shall complete for each
5 such urban renewal plan and area and file with the
6 department of management an urban renewal report by
7 December 1 following the end of such fiscal year.
8 Each report shall be approved by the affirmative vote
9 of a majority of the board and be prepared in the
10 format and submitted electronically pursuant to the
11 instructions prescribed by the department of management
12 in consultation with the legislative services agency.
13 b. The report required under this subsection shall
14 include all of the following as of June 30 of the most
15 recently ended fiscal year or the information for such
16 fiscal year, as applicable:
17 (1) Whether the urban renewal area is determined by
18 the county to be a slum area, blighted area, economic
19 development area or a combination of those areas, and
20 the date such determination was made.
21 (2) A map clearly identifying the boundaries of the
22 urban renewal area.
23 (3) A copy of the ordinance providing for a
24 division of revenue in the urban renewal area under
25 section 403.19.
26 (4) A copy of the urban renewal plan adopted for
27 the urban renewal area, the date of each amendment to
28 the plan, and a copy of such amendment.
29 (5) A list and description of all urban renewal
30 projects within the urban renewal area that are in
31 process and all urban renewal projects that were
32 completed during the fiscal year.
33 (6) A description of each expenditure during the
34 fiscal year from the county's special fund created
35 in section 403.19. Each such expenditure shall be
36 classified by the county according to categories
37 established by the department of management and shall
38 be designated as corresponding to the specific loan,
39 advance, indebtedness, or bond which qualifies for
40 payment from the special fund under section 403.19.
41 Each such expenditure shall also be designated as
42 corresponding to one or more specific urban renewal
43 projects. This description shall not be required for
44 the report required to be filed on or before December
45 1, 2012.
46 (7) The amount of loans, advances, indebtedness,
47 or bonds, including interest negotiated on such loans,
48 advances, indebtedness, or bonds, which qualify for
49 payment from the special fund created in section
50 403.19, and which were incurred or issued during

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1 the fiscal year. Each such loan, advance, debt, or
2 bond shall be classified by the county according to
3 categories established by the department of management
4 and shall be designated as corresponding to one or more
5 specific urban renewal projects.

6 (8) The amount of loans, advances, indebtedness,
7 or bonds that remain unpaid at the close of the fiscal
8 year, and which qualify for payment from the special
9 fund created in section 403.19, including interest
10 negotiated on such loans, advances, indebtedness, or
11 bonds.

12 (9) The total amount of property taxes that were
13 exempted, rebated, refunded, or reimbursed by the
14 county, used to fund a grant provided by the county,
15 or directly paid by the county during the fiscal year
16 for property in the urban renewal area using moneys in
17 the county's special fund created in section 403.19 and
18 such amounts agreed to by the county for future fiscal
19 years.

20 (10) A list of all properties, including the owner
21 of such properties, and the amount of property taxes
22 due and payable for the fiscal year that were exempted,
23 rebated, refunded, or reimbursed by the county, used to
24 fund a grant provided by the county, or directly paid
25 by the county during the fiscal year using moneys in
26 the county's special fund created in section 403.19 and
27 information for such amounts agreed to by the county
28 for future fiscal years.

29 (11) The balance of the county's special fund
30 created in section 403.19.

31 (12) The aggregate assessed value of the taxable
32 property in the urban renewal area, as shown on the
33 assessment roll used to calculate the amount of taxes
34 under section 403.19, subsection 1, for the fiscal
35 year.

36 (13) The aggregate assessed value of each
37 classification of taxable property located in the urban
38 renewal area.

39 (14) That portion of the assessed value of all
40 taxable property located in the urban renewal area that
41 was used to calculate the amount of excess taxes under
42 section 403.19, subsection 2.

43 (15) The amount of taxes determined under section
44 403.19, subsection 2, in excess of the amount required
45 to pay the applicable loans, advances, indebtedness,
46 and bonds, if any, and interest thereon, for the fiscal
47 year that was paid into the funds for the respective
48 taxing districts in the same manner as taxes on all
49 other property.

50 (16) Interest or earnings received by each urban

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1 renewal area during the fiscal year on amounts
2 deposited into the special fund created in section
3 403.19 and the net proceeds during the fiscal year from
4 the sale of assets purchased using amounts deposited
5 into the special fund created in section 403.19.
6 (17) For each taxing district for which the
7 county divided taxes, the amount of taxes determined
8 under section 403.19, subsection 2, that, in lieu of
9 allocation to the taxing district, were deposited into
10 the county's special fund during the fiscal year.
11 (18) The amount of expenditures by the county
12 during the fiscal year for the purpose of providing or
13 aiding in the provision of public improvements related
14 to housing and residential development.
15 (19) The amount of assistance to low and moderate
16 income housing provided by the county under section
17 403.22 during the fiscal year if applicable.
18 (20) When required as part of an urban renewal
19 development or redevelopment agreement that includes
20 the use of incremental taxes collected pursuant to
21 section 403.19, subsection 2, the total number of jobs
22 to be created, the wages associated with those jobs,
23 the total private capital investment, and the total
24 cost of the public infrastructure constructed.
25 (21) All other additional information or
26 documentation relating to a county's urban renewal
27 activities or use of divisions of revenue under chapter
28 403 deemed relevant by the department of management, in
29 consultation with the county finance committee.
30 c. By December 1, 2012, the department of
31 management, in collaboration with the legislative
32 services agency, shall make publicly available on
33 an internet site a searchable database of all such
34 information contained in the reports required under
35 this subsection. Reports from previous years shall be
36 retained by the department and shall continue to be
37 available and searchable on the internet site.
38 d. The legislative services agency, in consultation
39 with the department of management, shall annually
40 prepare a report for submission to the governor and
41 the general assembly that summarizes and analyzes the
42 information contained in the reports submitted under
43 this subsection, section 357H.9, subsection 2, and
44 section 384.22, subsection 2. The report prepared by
45 the legislative services agency shall be submitted not
46 later than February 15 following the most recently
47 ended fiscal year for which the reports were filed.
48 e. For purposes of this subsection, "indebtedness"
49 includes but is not limited to written agreements
50 whereby the county agrees to exempt, rebate, refund, or

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1 reimburse property taxes, provide a grant for property
2 taxes paid, or make a direct payment of taxes, with
3 moneys in the special fund created in section 403.19,
4 and bonds, notes, or other obligations that are secured
5 by or subject to repayment from moneys appropriated by
6 the county from moneys in the special fund created in
7 section 403.19.

8 Sec. 6. Section 331.403, Code 2011, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 4. The annual financial report
11 shall be prepared on forms and pursuant to instructions
12 prescribed by the department of management and shall
13 be filed with the department of management. The urban
14 renewal report shall be filed with the department of
15 management. Each report must be filed prior to the
16 publication and adoption of the county budget under
17 section 331.434 for the fiscal year beginning July
18 1 following the date such reports are due. If such
19 reports are not filed pursuant to the requirements of
20 this section, the department of management shall not
21 certify the county's taxes back to the county auditor
22 under section 24.17.

23 Sec. 7. Section 331.434, unnumbered paragraph 1,
24 Code 2011, is amended to read as follows:

25 Annually, the board of each county, subject to
26 section 331.403, subsection 4, sections 331.423
27 through 331.426, and other applicable state law, shall
28 prepare and adopt a budget, certify taxes, and provide
29 appropriations as follows:

30 Sec. 8. Section 331.434, subsection 1, Code 2011,
31 is amended to read as follows:

32 1. The budget shall show the amount required for
33 each class of proposed expenditures, a comparison of
34 the amounts proposed to be expended with the amounts
35 expended for like purposes for the two preceding years,
36 the revenues from sources other than property taxation,
37 and the amount to be raised by property taxation, in
38 the detail and form prescribed by the director of the
39 department of management. For each county that has
40 established an urban renewal area, the budget shall
41 include estimated and actual tax increment financing
42 revenues and all estimated and actual expenditures of
43 the revenues, proceeds from debt and all estimated
44 and actual expenditures of the debt proceeds, and
45 ~~identification of any entity receiving a direct payment~~
46 ~~of taxes funded by tax increment financing revenues~~
47 ~~and shall include the total amount of loans, advances,~~
48 ~~indebtedness, or bonds outstanding at the close of~~
49 ~~the most recently ended fiscal year, which qualify~~
50 ~~for payment from the special fund created in section~~

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1 ~~403.19, including interest negotiated on such loans,~~
2 ~~advances, indebtedness, or bonds. For purposes of this~~
3 ~~subsection, "indebtedness" includes written agreements~~
4 ~~whereby the county agrees to suspend, abate, exempt,~~
5 ~~rebate, refund, or reimburse property taxes, provide a~~
6 ~~grant for property taxes paid, or make a direct payment~~
7 ~~of taxes, with moneys in the special fund. The amount~~
8 ~~of loans, advances, indebtedness, or bonds shall be~~
9 ~~listed in the aggregate for each county reporting. The~~
10 ~~county finance committee, in consultation with the~~
11 ~~department of management and the legislative services~~
12 ~~agency, shall determine reporting criteria and shall~~
13 ~~prepare a form for reports filed with the department~~
14 ~~pursuant to this section. The department shall make~~
15 ~~the information available by electronic means.~~

16 Sec. 9. Section 357H.9, Code 2011, is amended to
17 read as follows:

18 **357H.9 Incremental property taxes.**

19 1. The board of trustees shall provide by
20 resolution that taxes levied on the taxable property
21 in a rural improvement zone each year by or for the
22 benefit of the state, city, county, school district,
23 or other taxing district after the effective date of
24 the resolution shall be divided as provided in section
25 403.19, subsections 1 and 2, in the same manner as
26 if the taxable property in the rural improvement zone
27 was taxable property in an urban renewal area and
28 the resolution was an ordinance within the meaning of
29 those subsections. The taxes received by the board
30 of trustees shall be allocated to, and when collected
31 be paid into, a special fund and may be irrevocably
32 pledged by the trustees to pay the principal of
33 and interest on the certificates, contracts, or
34 other obligations approved by the board of trustees
35 to finance or refinance, in whole or in part, an
36 improvement project. As used in this section, "taxes"
37 includes, but is not limited to, all levies on an ad
38 valorem basis upon land or real property located in the
39 rural improvement zone.

40 2. a. Each board of trustees that has by
41 resolution provided for a division of revenue in the
42 rural improvement zone during the most recently ended
43 fiscal year shall complete and file with the department
44 of management a tax increment financing report by
45 December 1 following the end of such fiscal year. The
46 report shall be approved by the affirmative vote of a
47 majority of the board of trustees and be prepared in
48 the format and submitted electronically pursuant to the
49 instructions prescribed by the department of management
50 in consultation with the legislative services agency.

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1 b. The report required under this subsection shall
2 include substantially the same information required for
3 counties under section 331.403, subsection 3, as of
4 June 30 of the most recently ended fiscal year or the
5 information for such fiscal year, as applicable.
6 c. By December 1, 2012, the department of
7 management, shall make publicly available on an
8 internet site a searchable database of all such
9 information contained in the reports required under
10 this subsection. Reports from previous years shall be
11 retained by the department and shall continue to be
12 available and searchable on the internet site.
13 d. A board of trustees that fails to satisfy the
14 requirements of this subsection shall have all future
15 incremental taxes withheld from payment into the rural
16 improvement zone's special fund until such requirements
17 are met.
18 Sec. 10. Section 384.16, unnumbered paragraph 1,
19 Code 2011, is amended to read as follows:
20 Annually, a city that has satisfied the requirements
21 of section 384.22, subsection 3, shall prepare and
22 adopt a budget, and shall certify taxes as follows:
23 Sec. 11. Section 384.16, subsection 1, paragraphs b
24 and c, Code 2011, are amended to read as follows:
25 b. A budget must show comparisons between the
26 estimated expenditures in each program in the following
27 year, the latest estimated expenditures in each program
28 in the current year, and the actual expenditures
29 in each program from the annual ~~report~~ reports as
30 provided in section 384.22, or as corrected by a
31 subsequent audit report. Wherever practicable, as
32 provided in rules of the committee, a budget must show
33 comparisons between the levels of service provided
34 by each program as estimated for the following year,
35 and actual levels of service provided by each program
36 during the two preceding years. For each city that has
37 established an urban renewal area, the budget shall
38 include estimated and actual tax increment financing
39 revenues and all estimated and actual expenditures of
40 the revenues, proceeds from debt and all estimated
41 and actual expenditures of the debt proceeds, ~~and~~
42 ~~identification of any entity receiving a direct payment~~
43 ~~of taxes funded by tax increment financing revenues~~
44 ~~and shall include the total amount of loans, advances,~~
45 ~~indebtedness, or bonds outstanding at the close of~~
46 ~~the most recently ended fiscal year, which qualify~~
47 ~~for payment from the special fund created in section~~
48 ~~403.19, including interest negotiated on such loans,~~
49 ~~advances, indebtedness, or bonds. The amount of loans,~~
50 ~~advances, indebtedness, or bonds shall be listed in the~~

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1 aggregate for each city reporting. The city finance
2 committee, in consultation with the department of
3 management and the legislative services agency, shall
4 determine reporting criteria and shall prepare a form
5 for reports filed with the department pursuant to this
6 section. The department shall make the information
7 available by electronic means.
8 ~~c.~~ For purposes of this subsection, "*indebtedness*"
9 includes written agreements whereby the city agrees to
10 suspend, abate, exempt, rebate, refund, or reimburse
11 property taxes, provide a grant for property taxes
12 paid, or make a direct payment of taxes, with moneys
13 in the special fund.
14 Sec. 12. Section 384.22, Code 2011, is amended to
15 read as follows:
16 **384.22 Annual report reports — financial report —**
17 **urban renewal report.**
18 1. Not later than December 1 of each year, a city
19 shall publish an annual financial report as provided in
20 section 362.3 containing a summary for the preceding
21 fiscal year of all collections and receipts, all
22 accounts due the city, and all expenditures, the
23 current public debt of the city, and the legal debt
24 limit of the city for the current fiscal year. The
25 annual financial report shall be prepared on forms and
26 pursuant to instructions prescribed by the auditor of
27 state. A copy of this report must be filed with the
28 auditor of state not later than December 1 of each
29 year.
30 A city that fails to meet the filing deadline
31 imposed by this section shall have withheld from
32 payments to be made to the county which are allocated
33 to the city pursuant to section 425.1 an amount equal
34 to five cents per capita until the annual report is
35 filed with the auditor of state.
36 2. a. Each city that had an urban renewal plan and
37 area in effect at any time during the most recently
38 ended fiscal year shall complete for each such urban
39 renewal plan and area and file with the department
40 of management an urban renewal report by December 1
41 following the end of such fiscal year. Each report
42 shall be approved by the affirmative vote of a
43 majority of the city council and be prepared in the
44 format and submitted electronically pursuant to the
45 instructions prescribed by the department of management
46 in consultation with the legislative services agency.
47 b. The report required under this subsection shall
48 include all of the following as of June 30 of the most
49 recently ended fiscal year:
50 (1) Whether the urban renewal area is determined

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1 by the city to be a slum area, blighted area, economic
2 development area or a combination of those areas, and
3 the date such determination was made.
4 (2) A map clearly identifying the boundaries of the
5 urban renewal area.
6 (3) A copy of the ordinance providing for a
7 division of revenue in the urban renewal area under
8 section 403.19.
9 (4) A copy of the urban renewal plan adopted for
10 the urban renewal area, the date of each amendment to
11 the plan, and a copy of such amendment.
12 (5) A list and description of all urban renewal
13 projects within the urban renewal area that are in
14 process and all urban renewal projects that were
15 completed during the fiscal year.
16 (6) A description of each expenditure during
17 the fiscal year from the city's special fund created
18 in section 403.19. Each such expenditure shall
19 be classified by the city according to categories
20 established by the department of management and shall
21 be designated as corresponding to the specific loan,
22 advance, indebtedness, or bond which qualifies for
23 payment from the special fund under section 403.19.
24 Each such expenditure shall also be designated as
25 corresponding to one or more specific urban renewal
26 projects. This description shall not be required for
27 the report required to be filed on or before December
28 1, 2012.
29 (7) The amount of loans, advances, indebtedness,
30 or bonds, including interest negotiated on such loans,
31 advances, indebtedness, or bonds, which qualify for
32 payment from the special fund created in section
33 403.19, and which were incurred or issued during the
34 fiscal year. Each such loan, advance, debt, or bond
35 shall be classified by the city according to categories
36 established by the department of management and shall
37 be designated as corresponding to one or more specific
38 urban renewal projects.
39 (8) The amount of loans, advances, indebtedness,
40 or bonds that remain unpaid at the close of the fiscal
41 year, and which qualify for payment from the special
42 fund created in section 403.19, including interest
43 negotiated on such loans, advances, indebtedness, or
44 bonds.
45 (9) The total amount of property taxes that were
46 exempted, rebated, refunded, or reimbursed by the city,
47 used to fund a grant provided by the city, or directly
48 paid by the city during the fiscal year for property
49 in the urban renewal area using moneys in the city's
50 special fund created in section 403.19 and such amounts

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- 1 agreed to by the city for future fiscal years.
2 (10) A list of all properties, including the owner
3 of such properties, and the amount of property taxes
4 due and payable for the fiscal year that were exempted,
5 rebated, refunded, or reimbursed by the city, used to
6 fund a grant provided by the city, or directly paid
7 by the city during the fiscal year using moneys in
8 the city's special fund created in section 403.19 and
9 information for such amounts agreed to by the city for
10 future fiscal years.
11 (11) The balance of the city's special fund created
12 in section 403.19.
13 (12) The aggregate assessed value of the taxable
14 property in the urban renewal area, as shown on the
15 assessment roll used to calculate the amount of taxes
16 under section 403.19, subsection 1, for the fiscal
17 year.
18 (13) The aggregate assessed value of each
19 classification of taxable property located in the urban
20 renewal area.
21 (14) That portion of the assessed value of all
22 taxable property located in the urban renewal area that
23 was used to calculate the amount of excess taxes under
24 section 403.19, subsection 2.
25 (15) The amount of taxes determined under section
26 403.19, subsection 2, in excess of the amount required
27 to pay the applicable loans, advances, indebtedness,
28 and bonds, if any, and interest thereon, for the fiscal
29 year that was paid into the funds for the respective
30 taxing districts in the same manner as taxes on all
31 other property.
32 (16) Interest or earnings received by each urban
33 renewal area during the fiscal year on amounts
34 deposited into the special fund created in section
35 403.19 and the net proceeds during the fiscal year from
36 the sale of assets purchased using amounts deposited
37 into the special fund created in section 403.19.
38 (17) For each taxing district for which the
39 city divided taxes, the amount of taxes determined
40 under section 403.19, subsection 2, that, in lieu of
41 allocation to the taxing district, were deposited into
42 the city's special fund during the fiscal year.
43 (18) The amount of expenditures by the city during
44 the fiscal year for the purpose of providing or aiding
45 in the provision of public improvements related to
46 housing and residential development.
47 (19) The amount and types of assistance to low and
48 moderate income housing provided by the city under
49 section 403.22 during the fiscal year if applicable.
50 (20) When required as part of an urban renewal

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1 development or redevelopment agreement that includes
2 the use of incremental taxes collected pursuant to
3 section 403.19, subsection 2, the total number of jobs
4 to be created, the wages associated with those jobs,
5 the total private capital investment, and the total
6 cost of the public infrastructure constructed.
7 (21) All other additional information or
8 documentation relating to a city's urban renewal
9 activities or use of divisions of revenue under chapter
10 403 deemed relevant by the department of management, in
11 consultation with the city finance committee.
12 c. By December 1, 2012, the department of
13 management, in collaboration with the legislative
14 services agency, shall make publicly available on
15 an internet site a searchable database of all such
16 information contained in the reports required under
17 this subsection. Reports from previous years shall be
18 retained by the department and shall continue to be
19 available and searchable on the internet site.
20 d. For purposes of this subsection, "indebtedness"
21 includes but is not limited to written agreements
22 whereby the city agrees to exempt, rebate, refund, or
23 reimburse property taxes, provide a grant for property
24 taxes paid, or make a direct payment of taxes, with
25 moneys in the special fund created in section 403.19,
26 and bonds, notes, or other obligations that are secured
27 by or subject to repayment from moneys appropriated by
28 the city from moneys in the special fund created in
29 section 403.19.
30 3. The annual financial report shall be prepared on
31 forms and pursuant to instructions prescribed by the
32 auditor of state and shall be filed with the auditor
33 of state. The urban renewal report shall be filed
34 with the department of management. Each report must
35 be filed prior to the publication and adoption of
36 the city budget under section 384.16 for the fiscal
37 year beginning July 1 following the date such reports
38 are due. If such reports are not filed pursuant to
39 the requirements of this section, the department of
40 management shall not certify the city's taxes back to
41 the county auditor under section 24.17.
42 Sec. 13. Section 403.5, subsection 2, paragraph b,
43 Code 2011, is amended to read as follows:
44 b. (1) Prior to its approval of an urban renewal
45 plan which provides for a division of revenue pursuant
46 to section 403.19, the municipality shall mail the
47 proposed plan by regular mail to the affected taxing
48 entities. The municipality shall include with the
49 proposed plan notification of a consultation to be held
50 between the municipality and affected taxing entities

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1 prior to the public hearing on the urban renewal
2 plan. If the proposed urban renewal plan or proposed
3 urban renewal project within the urban renewal area
4 includes the use of taxes resulting from a division of
5 revenue under section 403.19 for a public building,
6 including but not limited to a police station, fire
7 station, administration building, swimming pool,
8 hospital, library, recreational building, city hall,
9 or other public building that is exempt from taxation,
10 including the grounds of, and the erection, equipment,
11 remodeling, or reconstruction of, and additions or
12 extensions to, such a building, the municipality shall
13 include with the proposed plan notification an analysis
14 of alternative development options and funding for the
15 urban renewal area or urban renewal project and the
16 reasons such options would be less feasible than the
17 proposed urban renewal plan or proposed urban renewal
18 project. A copy of the analysis required in this
19 subparagraph shall be included with the urban renewal
20 report required under section 331.403 or 384.22, as
21 applicable, and filed by December 1 following adoption
22 of the urban renewal plan or project.
23 (2) Each affected taxing entity may appoint a
24 representative to attend the consultation. The
25 consultation may include a discussion of the estimated
26 growth in valuation of taxable property included in
27 the proposed urban renewal area, the fiscal impact
28 of the division of revenue on the affected taxing
29 entities, the estimated impact on the provision of
30 services by each of the affected taxing entities in the
31 proposed urban renewal area, and the duration of any
32 bond issuance included in the plan. The designated
33 representative of the affected taxing entity may
34 make written recommendations for modification to
35 the proposed division of revenue no later than seven
36 days following the date of the consultation. The
37 representative of the municipality shall, no later
38 than seven days prior to the public hearing on the
39 urban renewal plan, submit a written response to the
40 affected taxing entity addressing the recommendations
41 for modification to the proposed division of revenue.
42 Sec. 14. Section 403.5, subsection 5, Code 2011, is
43 amended to read as follows:
44 5. a. Except as otherwise provided in this
45 subsection, an urban renewal plan may be modified at
46 any time: Provided, that if. However, if the urban
47 renewal plan is modified after the lease or sale by
48 the municipality of real property in the urban renewal
49 project area, such modification may be conditioned upon
50 such approval of the owner, lessee, or successor in

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1 interest as the municipality may deem advisable, and in
2 any event such modification shall be subject to such
3 rights at law or in equity as a lessee or purchaser, or
4 a lessee's or purchaser's successor or successors in
5 interest, may be entitled to assert.

6 b. A municipality shall not approve an urban
7 renewal project for an urban renewal area unless the
8 governing body has amended or modified the adopted
9 urban renewal plan to include the urban renewal
10 project.

11 c. The municipality shall comply with the
12 notification, and consultation, and hearing process
13 provided in this section prior to the approval of any
14 amendment or modification to an adopted urban renewal
15 plan if such amendment or modification provides for
16 refunding bonds or refinancing resulting in an increase
17 in debt service or provides for the issuance of bonds
18 or other indebtedness, to be funded primarily in the
19 manner provided in section 403.19, or if such amendment
20 or modification provides for the inclusion and
21 approval of an urban renewal project under paragraph
22 "b". However, the review and recommendation process
23 conducted by the municipality's planning commission
24 under subsection 2, paragraph "a", shall not be
25 required when amending or modifying an adopted urban
26 renewal plan.

27 d. Once determined to be a blighted area, a
28 slum area, or an economic development area by a
29 municipality, an urban renewal area shall not be
30 redetermined by the municipality throughout the
31 duration of the urban renewal area.

32 Sec. 15. Section 403.17, subsection 1, Code 2011,
33 is amended to read as follows:

34 1. "Affected taxing entity" means a city, community
35 college, county, or school district which levied or
36 certified for levy a property tax on any portion of the
37 taxable property located within the urban renewal area
38 in the fiscal year beginning prior to the calendar year
39 in which a proposed urban renewal plan is submitted to
40 the local governing body for approval.

41 Sec. 16. Section 403.19, subsection 2, Code
42 Supplement 2011, as amended by 2012 Iowa Acts, Senate
43 File 2137, section 6, is amended to read as follows:

44 2. a. That portion of the taxes each year in
45 excess of such amount shall be allocated to and
46 when collected be paid into a special fund of the
47 municipality to pay the principal of and interest on
48 loans, moneys advanced to, or indebtedness, whether
49 funded, refunded, assumed, or otherwise, including
50 bonds issued under the authority of section 403.9,

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1 subsection 1, incurred by the municipality to finance
2 or refinance, in whole or in part, an urban renewal
3 project within the area, and to provide assistance for
4 low and moderate income family housing as provided
5 in section 403.22. However, except as provided in
6 paragraph "b", taxes for the regular and voter-approved
7 physical plant and equipment levy of a school district
8 imposed pursuant to section 298.2 and taxes for the
9 instructional support program of a school district
10 imposed pursuant to section 257.19, taxes for the
11 payment of bonds and interest of each taxing district,
12 and taxes imposed under section 346.27, subsection
13 22, related to joint county-city buildings shall be
14 collected against all taxable property within the
15 taxing district without limitation by the provisions
16 of this subsection.
17 b. (1) However, all All or a portion of the taxes
18 for the physical plant and equipment levy shall be
19 paid by the school district to the municipality if
20 the auditor certifies to the school district by July
21 1 the amount of such levy that is necessary to pay
22 the principal and interest on bonds issued by the
23 municipality to finance an urban renewal project, which
24 bonds were issued before July 1, 2001. Indebtedness
25 incurred to refund bonds issued prior to July 1, 2001,
26 shall not be included in the certification. Such
27 school district shall pay over the amount certified
28 by November 1 and May 1 of the fiscal year following
29 certification to the school district.
30 (2) (a) All or a portion of the taxes for the
31 instructional support program levy of a school
32 district shall be paid by the school district to the
33 municipality if the auditor, pursuant to subsection 11,
34 certifies to the school district by July 1 the amount
35 of such levy that is necessary to pay the principal and
36 interest on bonds issued or other indebtedness incurred
37 by the municipality to finance an urban renewal project
38 if such bonds or indebtedness were issued or incurred
39 on or before April 24, 2012. Such school district
40 shall pay over the amount certified by November 1 and
41 May 1 of the fiscal year following certification to the
42 school district.
43 (b) In lieu of payment to a municipality under
44 subparagraph division (a), a school district may by
45 resolution of the board of directors of the school
46 district approve at a regular meeting of the board
47 of directors the payment of all or a portion of the
48 instructional support program property tax revenue
49 excluded under paragraph "a", to the municipality for
50 the payment of principal and interest on such bonds

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1 issued or such other indebtedness incurred by the
2 municipality before, on, or after April 24, 2012.
3 c. Unless and until the total assessed valuation of
4 the taxable property in an urban renewal area exceeds
5 the total assessed value of the taxable property in
6 such area as shown by the last equalized assessment
7 roll referred to in subsection 1, all of the taxes
8 levied and collected upon the taxable property in
9 the urban renewal area shall be paid into the funds
10 for the respective taxing districts as taxes by or
11 for the taxing districts in the same manner as all
12 other property taxes. When such loans, advances,
13 indebtedness, and bonds, if any, and interest thereon,
14 have been paid, all moneys thereafter received from
15 taxes upon the taxable property in such urban renewal
16 area shall be paid into the funds for the respective
17 taxing districts in the same manner as taxes on all
18 other property.
19 d. In those instances where a school district
20 has entered into an agreement pursuant to section
21 279.64 for sharing of school district taxes levied and
22 collected from valuation described in this subsection
23 and released to the school district, the school
24 district shall transfer the taxes as provided in the
25 agreement.
26 Sec. 17. Section 403.19, subsection 6, paragraph
27 a, subparagraph (1), Code Supplement 2011, is amended
28 to read as follows:
29 (1) A municipality shall certify to the county
30 auditor on or before December 1 the amount of loans,
31 advances, indebtedness, or bonds, including interest
32 negotiated on such loans, advances, indebtedness,
33 or bonds, which qualify for payment from the special
34 fund referred to in subsection 2, for each urban
35 renewal area in the municipality, and the filing of
36 the certificate shall make it a duty of the auditor to
37 provide for the division of taxes in each subsequent
38 year without further certification, except as provided
39 in paragraphs "b" and "c", until the amount of the
40 loans, advances, indebtedness, or bonds is paid to the
41 special fund. Such certification shall include all
42 amounts which qualify for payment from the special fund
43 referred to in subsection 2 during the next fiscal
44 year and all amounts which qualify for payment from
45 the special fund in any subsequent fiscal year. If
46 any loans, advances, indebtedness, or bonds are issued
47 which qualify for payment from the special fund and
48 which are in addition to amounts already certified,
49 the municipality shall certify the amount of the
50 additional obligations on or before December 1 of the

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1 year such obligations were issued, and the filing of
2 the certificate shall make it a duty of the auditor to
3 provide for the division of taxes in each subsequent
4 year without further certification, except as provided
5 in paragraphs "b" and "c", until the amount of the
6 loans, advances, indebtedness, or bonds is paid to the
7 special fund. Any subsequent certifications under
8 this subsection shall not include amounts previously
9 certified.

10 Sec. 18. Section 403.19, subsection 6, Code
11 Supplement 2011, is amended by adding the following new
12 paragraph:

13 NEW PARAGRAPH. d. For purposes of this section,
14 "indebtedness" includes but is not limited to written
15 agreements whereby the municipality agrees to exempt,
16 rebate, refund, or reimburse property taxes, provide a
17 grant for property taxes paid, or make a direct payment
18 of taxes, with moneys in the special fund referred to
19 in subsection 2, and bonds, notes, or other obligations
20 that are secured by or subject to payment from moneys
21 appropriated by the municipality from moneys in the
22 special fund referred to in subsection 2.

23 Sec. 19. Section 403.19, Code Supplement 2011, is
24 amended by adding the following new subsection:

25 NEW SUBSECTION. 9. a. Moneys from any source
26 deposited into the special fund created in this
27 section shall not be expended for or otherwise used in
28 connection with an urban renewal project approved on or
29 after the effective date of this Act that includes the
30 relocation of a commercial or industrial enterprise not
31 presently located within the municipality, unless one
32 of the following occurs:

33 (1) The local governing body of the municipality
34 where the commercial or industrial enterprise is
35 currently located and the local governing body of
36 the municipality where the commercial or industrial
37 enterprise is proposing to relocate have either entered
38 into a written agreement concerning the relocation of
39 the commercial or industrial enterprise or have entered
40 into a written agreement concerning the general use of
41 economic incentives to attract commercial or industrial
42 development within those municipalities.

43 (2) The local governing body of the municipality
44 where the commercial or industrial enterprise is
45 proposing to relocate finds that the use of deposits
46 into the special fund for an urban renewal project that
47 includes such a relocation is in the public interest.
48 A local governing body's finding that an urban renewal
49 project that includes a commercial or industrial
50 enterprise relocation is in the public interest shall

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1 include written verification from the commercial or
2 industrial enterprise that the enterprise is actively
3 considering moving all or a part of its operations to a
4 location outside the state and a specific finding that
5 such an out-of-state move would result in a significant
6 reduction in either the enterprise's total employment
7 in the state or in the total amount of wages earned by
8 employees of the enterprise in the state.

9 **b.** For the purposes of this subsection,
10 "relocation" means the closure or substantial reduction
11 of an enterprise's existing operations in one area of
12 the state and the initiation of substantially the same
13 operation in the same county or a contiguous county
14 in the state. This subsection does not prohibit an
15 enterprise from expanding its operations in another
16 area of the state provided that existing operations
17 of a similar nature are not closed or substantially
18 reduced.

19 Sec. 20. Section 403.19, Code Supplement 2011, is
20 amended by adding the following new subsection:

21 NEW SUBSECTION. 10. **a.** Interest or earnings
22 received on amounts deposited into the special fund
23 created in this section and the net proceeds from the
24 sale of assets purchased using amounts deposited into
25 the special fund created in this section shall be
26 credited to the special fund and shall be used solely
27 for the purposes specified in this section.

28 **b.** Moneys in the special fund created in this
29 section shall not be transferred to another fund of the
30 municipality except for the payment of loans, advances,
31 indebtedness, or bonds that qualify for payment from
32 the special fund.

33 Sec. 21. Section 403.19, Code Supplement 2011, is
34 amended by adding the following new subsection:

35 NEW SUBSECTION. 11. For any fiscal year, a
36 municipality may certify to the county auditor for
37 instructional support program property tax revenue
38 necessary for payment of principal and interest on
39 bonds issued or other indebtedness incurred for an
40 urban renewal project on or before April 24, 2012.
41 If for any fiscal year a municipality fails to
42 certify to the county auditor by July 1 the amount
43 of instructional support program property tax revenue
44 necessary for payment of principal and interest on
45 such bonds, as provided in subsection 2, the school
46 district is not required to pay over the revenue to the
47 municipality. If a school district and a municipality
48 are unable to agree on the amount of instructional
49 support program property tax revenue certified by the
50 municipality, either party may request that the state

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1 appeal board review and finally pass upon the amount
2 that may be certified. Such appeals must be presented
3 in writing to the state appeal board no later than
4 July 31 following certification. The burden shall be
5 on the municipality to prove that the instructional
6 support program property tax revenue is necessary to
7 pay principal and interest on the applicable bonds. A
8 final decision must be issued by the state appeal board
9 no later than the following October 1.

10 Sec. 22. NEW SECTION. 403.23 Audit — certificate
11 of compliance.

12 1. Each municipality that has established an
13 urban renewal area that utilizes, or plans to
14 utilize, revenues from the special fund created in
15 section 403.19, shall make an annual certification of
16 compliance with this section. For any year in which
17 the municipality is audited in accordance with section
18 11.6, such certification shall be audited as part of
19 the municipality's audit.

20 2. The certification required under this section
21 shall include such information or documentation deemed
22 appropriate by the auditor of state including but not
23 limited to the information required to be reported
24 under section 331.403, subsection 3, or section 384.22,
25 subsection 2, as applicable.

26 3. The auditor of state shall adopt rules necessary
27 to implement this section.

28 Sec. 23. Section 423B.10, subsection 2, Code 2011,
29 is amended to read as follows:

30 2. a. An Upon approval by the board of supervisors
31 of each applicable county pursuant to paragraph
32 "b", an eligible city may by ordinance of the city
33 council provide for the use of a designated amount of
34 the increased local sales and services tax revenues
35 collected under this chapter which are attributable
36 to retail establishments in an urban renewal area to
37 fund urban renewal projects located in the area. The
38 designated amount may be all or a portion of such
39 increased revenues.

40 b. A city shall not adopt an ordinance under
41 paragraph "a" unless the board of supervisors of
42 each county where the urban renewal area from which
43 such local sales and services tax revenues are to be
44 collected and used to fund urban renewal projects
45 is located first adopts a resolution approving the
46 collection and use of such local sales and services tax
47 revenues.

48 Sec. 24. IMPLEMENTATION OF ACT. Section 25B.2,
49 subsection 3, shall not apply to this Act.

50 Sec. 25. APPLICABILITY. The provisions of this

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1 Act prohibiting the department of management from
2 certifying taxes back to the county auditor under
3 section 24.17 if a county, under section 331.403,
4 subsection 4, or a city, under section 384.22,
5 subsection 3, fails to meet the reporting requirements
6 of sections 331.403 and 384.22, as applicable, or the
7 provision of this Act requiring that incremental taxes
8 be withheld from payment to a rural improvement zone if
9 the rural improvement zone fails to meet the reporting
10 requirement of section 357H.9, subsection 2, shall not
11 apply to the report required to be filed on or before
12 December 1, 2012.

13 Sec. 26. APPLICABILITY. The provisions of this Act
14 relating to the division of taxes for the instructional
15 support program of a school district under section
16 403.19, as amended in this Act, apply to property taxes
17 due and payable in fiscal years beginning on or after
18 July 1, 2013.

19 Sec. 27. APPLICABILITY. The section of this Act
20 amending section 423B.10 applies to city ordinances
21 adopted under section 423B.10 on or after the effective
22 date of this Act.>

23 2. Title page, by striking lines 1 through 5 and
24 inserting <An Act relating to Iowa's urban renewal law
25 and incremental taxes by modifying provisions relating
26 to divisions of revenue, modifying provisions relating
27 to the approval of urban renewal plans and projects and
28 approval of the use of certain local sales and services
29 tax revenue, requiring certain reporting and auditing,
30 and including applicability provisions.>>

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Senate File 2338

H-8510

1 Amend Senate File 2338, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 51, after line 18 by inserting:
4 <Sec. _____. NEW SECTION. 455B.810 Product
5 stewardship — report.
6 1. By January 15 of each year, the department
7 shall submit a product stewardship report to the
8 general assembly. The report shall supply information
9 identifying solid waste according to product or product
10 category. The report shall consider latex paint,
11 oil-based paint, aseptic packaging, waste tires,
12 florescent bulbs, and food waste. The report shall not
13 include consideration of motor vehicles or watercraft.
14 2. The department shall use the report described
15 in subsection 1 to recommend a strategy that most
16 efficiently manages solid waste as classified according
17 to product or product category. The strategy shall at
18 least include recommendations for all of the following:
19 a. Disposing of hazardous chemicals, toxic
20 materials, or harmful physical agents that pose a risk
21 of an adverse impact to the environment or public
22 health and safety.
23 b. Increasing the recovery of materials for reuse
24 or recycling.
25 c. Reducing costs associated with solid waste
26 management.
27 3. In preparing its report, the department shall
28 consider how other states have classified solid waste
29 according to products and product categories and how
30 other states have successfully collected and managed
31 solid waste, including recovering and recycling
32 efforts. When preparing the report, the department
33 shall consult with landfill operators and businesses
34 engaged in recycling solid waste. The department shall
35 also invite participation from interested members of
36 the public.
37 4. As part of its report, the department shall
38 recommend the establishment of a product stewardship
39 program that implements or improves upon the strategy
40 developed by the department under this section,
41 including by detailing any legislative proposals
42 required for implementation or explaining the adoption
43 of proposed rules under existing statutory authority.>
44 2. By renumbering as necessary.

ISENHART of Dubuque

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KAUFMANN of Cedar



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Senate File 2338

H-8511

1 Amend Senate File 2338, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 5, after line 9 by inserting:

4 <Sec. _____. DEPARTMENT OF ADMINISTRATIVE SERVICES —
5 ENERGY EFFICIENCY EFFORTS.

6 1. The department of administrative services
7 shall report to the general assembly and governor by
8 November 15, 2012, regarding the feasibility of giving
9 preference to or requiring the purchase or lease of
10 passenger cars with a United States environmental
11 protection agency estimated highway-mileage rating of
12 at least thirty-five miles per gallon and electric
13 and natural-gas powered vehicles with a United
14 States environmental protection agency estimated
15 highway-mileage rating of at least forty-five miles
16 per gallon. The preference shall be determined on a
17 fleet-wide average basis.

18 2. Funds appropriated to a state agency for utility
19 expenses shall not be transferred or reallocated, and
20 any such unexpended funds at the end of a fiscal year
21 shall not revert to the general fund of the state but
22 shall be allocated to the Iowa energy bank revolving
23 loan fund, to be used exclusively to finance energy
24 improvements to state-owned properties.

25 3. The department of administrative services shall
26 require that the procurement of any product by a state
27 agency conform to energy star specifications current
28 at the time of contract or purchase if the product is
29 subject to energy star labeling.

30 4. The department of administrative services shall
31 provide for least-cost lighting of state buildings
32 and property under its control, and shall work with
33 other state departments and agencies responsible for
34 the energy costs of buildings and property under their
35 control to do the same, based on minimizing energy use
36 and the life-cycle costs of the energy technology.

37 5. The department of administrative services
38 shall establish a program with other state agencies
39 to replace or deploy battery chargers and other smart
40 power technology that turns off the power source to the
41 adapter or battery once the battery is charged or cuts
42 power to unused electrical devices.

43 Sec. _____. EFFECTIVE UPON ENACTMENT. The section of
44 this division of this Act, relating to energy efficient
45 efforts by the department of administrative services,
46 being deemed of immediate importance, takes effect upon
47 enactment.>

48 2. By renumbering as necessary.

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ISENHART of Dubuque



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House File 2473 - Introduced

HOUSE FILE 2473
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2418)
(SUCCESSOR TO HSB 591)

A BILL FOR

1 An Act relating to economic development and the use of funds
2 by establishing programs and funds, affecting programs, tax
3 incentives, and project completion and other assistance
4 administered by the economic development authority, by
5 diverting withholding tax payments for such programs,
6 incentives, and assistance, by abolishing the film tax
7 credit program, by replacing references to the economic
8 development fund and financial assistance program,
9 and by providing spending authority, by providing for
10 properly related matters, and including effective date and
11 retroactive and other applicability provisions.
12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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H.F. 2473

DIVISION I

HIGH QUALITY JOBS PROGRAM AND RELATED ASSISTANCE AND PROGRAMS

Section 1. Section 15.327, subsections 2, 5, 7, 8, 10, 12, and 13, Code Supplement 2011, are amended to read as follows:

2. ~~"Benefit" has the same meaning as defined in section 15G.101~~ means nonwage compensation provided to an employee. Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.

5. ~~"Created job" has the same meaning as defined in section 15G.101~~ means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

7. ~~"Fiscal impact ratio" has the same meaning as defined in section 15G.101~~ means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain project completion assistance and tax incentives to the business, reflecting a ten-year period and expressed in terms of current dollars. For purposes of the program, *"fiscal impact ratio"* does not include taxes received by political subdivisions.

8. ~~"Maintenance period completion date" has the same meaning as defined in section 15G.101~~ means the date on which the maintenance period ends.

10. ~~"Project completion date" has the same meaning as defined in section 15G.101~~ means the date by which a recipient of project completion assistance has agreed to meet all the terms and obligations contained in an agreement with the authority.

12. ~~"Qualifying wage threshold" has the same meaning as defined in section 15G.101~~ means the laborshed wage for an eligible business.

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1 13. ~~"Retained job" has the same meaning as defined in~~
2 ~~section 15G.101~~ means a full-time equivalent position, in
3 existence at the time an employer applies for financial
4 assistance which remains continuously filled and which is at
5 risk of elimination if the project for which the employer is
6 seeking assistance does not proceed.

7 Sec. 2. Section 15.327, Code Supplement 2011, is amended by
8 adding the following new subsections:

9 NEW SUBSECTION. 1A. "*Base employment level*" means the
10 number of full-time equivalent positions at a business,
11 as established by the authority and a business using the
12 business's payroll records, as of the date a business applies
13 for incentives or project completion assistance under the
14 program.

15 NEW SUBSECTION. 2A. "*Business engaged in disaster recovery*"
16 means a business located in an area declared a disaster area
17 by a federal official, that has sustained substantial physical
18 damage, that has closed as the result of a natural disaster,
19 and that has a plan for reopening that includes employing a
20 substantial number of the employees the business employed
21 before the natural disaster occurred.

22 NEW SUBSECTION. 6A. "*Financial assistance*" means assistance
23 provided only from the funds, rights, and assets legally
24 available to the authority pursuant to this chapter and
25 includes but is not limited to assistance in the form of
26 grants, loans, forgivable loans, and royalty payments.

27 NEW SUBSECTION. 7A. "*Full-time equivalent position*" means
28 a non-part-time position for the number of hours or days per
29 week considered to be full-time work for the kind of service
30 or work performed for an employer. Typically, a full-time
31 equivalent position requires two thousand eighty hours of work
32 in a calendar year, including all paid holidays, vacations,
33 sick time, and other paid leave.

34 NEW SUBSECTION. 7B. "*Fund*" means a fund created pursuant
35 to section 15.335B.



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1 NEW SUBSECTION. 7C. "*Laborshed wage*" means the wage level
2 represented by those wages within two standard deviations
3 from the mean wage within the laborshed area in which the
4 eligible business is located, as calculated by the authority,
5 by rule, using the most current covered wage and employment
6 data available from the department of workforce development for
7 the laborshed area.

8 NEW SUBSECTION. 7D. "*Maintenance period*" means the period
9 of time between the project completion date and the maintenance
10 period completion date.

11 NEW SUBSECTION. 9A. "*Program support*" means the services
12 necessary for the efficient administration of this part,
13 including the delivery of program services to eligible
14 businesses. "*Program support*" may include the administrative
15 costs of providing project assistance, conducting a statewide
16 laborshed study in coordination with the department of
17 workforce development, outreach to business and marketing of
18 programs, the procurement of technical assistance, and the
19 implementation of information technology.

20 NEW SUBSECTION. 9B. "*Project completion assistance*" means
21 financial assistance or technical assistance provided to
22 an eligible business in order to facilitate the start-up,
23 location, or expansion of the business in this state and
24 provided in an expedient manner to ensure the successful
25 completion of the start-up, location, or expansion project.

26 NEW SUBSECTION. 10A. "*Project completion period*" means the
27 period of time between the date financial assistance is awarded
28 and the project completion date.

29 Sec. 3. Section 15.329, subsection 1, unnumbered paragraph
30 1, Code Supplement 2011, is amended to read as follows:

31 To be eligible to receive incentives or assistance
32 under this part, a business shall meet all of the following
33 requirements:

34 Sec. 4. Section 15.329, subsection 1, paragraph b, Code
35 Supplement 2011, is amended to read as follows:

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1 b. (1) The business has not closed or substantially
2 reduced operations in one area of this state and relocated
3 substantially the same operations in a community in another
4 area of this state shall not be solely relocating operations
5 from one area of the state while seeking state or local
6 incentives. A project that does not create new jobs or
7 involve a substantial amount of new capital investment shall
8 be presumed to be a relocation. In determining whether a
9 business is solely relocating operations for purposes of this
10 subparagraph, the authority shall consider a letter of support
11 for the move from the affected local community.

12 (2) The business shall not be in the process of reducing
13 operations in one community while simultaneously applying
14 for assistance under the program. For purposes of this
15 subparagraph, a reduction in operations within twelve months
16 before or after an application for assistance is submitted to
17 the authority shall be presumed to be a reduction in operations
18 while simultaneously applying for assistance under the program.

19 (3) This paragraph shall not be construed to prohibit
20 a business from expanding its operation in a community if
21 existing operations of a similar nature in this state are not
22 closed or substantially reduced.

23 Sec. 5. Section 15.329, subsection 1, paragraph c,
24 subparagraphs (1) and (2), Code Supplement 2011, are amended
25 to read as follows:

26 (1) If the business is creating jobs, the business shall
27 demonstrate that the jobs will pay at least one hundred percent
28 of the qualifying wage threshold at the start of the project
29 completion period, at least one hundred ~~thirty~~ twenty percent
30 of the qualifying wage threshold by the project completion
31 date, and at least one hundred ~~thirty~~ twenty percent of
32 the qualifying wage threshold until the maintenance period
33 completion date.

34 (2) If the business is retaining jobs, the business
35 shall demonstrate that the jobs retained will pay at least

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1 one hundred ~~thirty~~ twenty percent of the qualifying wage
2 threshold throughout both the project completion period and the
3 maintenance period.

4 Sec. 6. Section 15.329, subsection 2, Code Supplement 2011,
5 is amended by striking the subsection.

6 Sec. 7. Section 15.330, Code Supplement 2011, is amended to
7 read as follows:

8 **15.330 Agreement.**

9 A business shall enter into an agreement with the authority
10 specifying the requirements that must be met to confirm
11 eligibility pursuant to this part. The authority shall
12 consult with the community during negotiations relating to the
13 agreement. The agreement shall contain, at a minimum, the
14 following provisions:

15 1. A business that is approved to receive incentives
16 or assistance under this part shall, for the length of the
17 agreement, certify annually to the authority the compliance of
18 the business with the requirements of the agreement. If the
19 business receives a local property tax exemption, the business
20 shall also certify annually to the community the compliance of
21 the business with the requirements of the agreement.

22 2. The repayment of incentives or financial assistance
23 by the business if the business does not meet any of the
24 requirements of this part or the resulting agreement.

25 3. If a business that is approved to receive incentives
26 or assistance under this part experiences a layoff within the
27 state or closes any of its facilities within the state, the
28 authority shall have the discretion to reduce or eliminate
29 some or all of the incentives or assistance. If a business
30 has received incentives or assistance under this part and
31 experiences a layoff within the state or closes any of its
32 facilities within the state, the business may be subject to
33 repayment of all or a portion of the incentives or financial
34 assistance that it has received.

35 4. A project completion date, a maintenance period



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1 completion date, the number of jobs to be created or retained,
2 or certain other terms and obligations ~~described in section~~
3 ~~15G.112, subsection 1, paragraph "d",~~ as the authority
4 deems necessary in order to make the requirements in project
5 agreements uniform. The authority, with the approval of
6 the board, may adopt rules as necessary for making such
7 requirements uniform. Such rules shall be in compliance with
8 the provisions of this part ~~and with the provisions of chapter~~
9 ~~15G.~~

10 5. The amount and type of project completion assistance to
11 be provided under section 15.335B.

12 6. The amount of matching funds to be received by a business
13 from a city or county. The authority shall adopt by rule a
14 formula for determining the amount of matching funds required
15 under the program.

16 7. The business shall not be relocating or reducing
17 operations as described in section 15.329, subsection 1,
18 paragraph "b".

19 8. The proposed project shall not negatively impact other
20 businesses in competition with the business being considered
21 for assistance. The authority shall make a good-faith effort
22 to identify existing Iowa businesses within an industry in
23 competition with the business being considered for incentives
24 or assistance. The authority shall make a good-faith effort
25 to determine the probability that the proposed incentives or
26 assistance will displace employees of the existing businesses.
27 In determining the impact on businesses in competition with the
28 business being considered for incentives or assistance, jobs
29 created or retained as a result of other jobs being displaced
30 elsewhere in the state shall not be considered direct jobs
31 created or retained.

32 9. A report submitted to the authority with its application
33 describing all violations of environmental law or worker
34 safety law within the last five years. If, upon review of the
35 application, the authority finds that a business has a record



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1 of violations of the law, statutes, rules, or regulations that
2 tends to show a consistent pattern, the authority shall not
3 provide incentives or assistance to the business unless the
4 authority finds either that the violations did not seriously
5 affect public health, public safety, or the environment, or,
6 if such violations did seriously affect public health, public
7 safety, or the environment, that mitigating circumstances were
8 present.

9 10. That the business shall only employ individuals legally
10 authorized to work in this state. In addition to any and
11 all other applicable penalties provided by current law, all
12 or a portion of the incentives or assistance received under
13 this part by a business that is found to knowingly employ
14 individuals not legally authorized to work in this state is
15 subject to recapture by the authority or by the department of
16 revenue.

17 11. Any terms deemed necessary by the authority to effect
18 compliance with the eligibility requirements of section 15.329.

19 **Sec. 8. NEW SECTION. 15.330A Maintenance of agreements.**

20 1. An eligible business receiving incentives or assistance
21 under this part shall meet all terms and obligations in an
22 agreement by the project completion date, but the board may
23 for good cause extend the project completion date or otherwise
24 amend an agreement.

25 2. During the maintenance period an eligible business
26 receiving incentives or assistance under this part shall
27 continue to comply with the terms and obligations of an
28 agreement entered into pursuant to section 15.330.

29 3. The authority may enforce the terms of an agreement as
30 necessary and appropriate.

31 **Sec. 9. NEW SECTION. 15.331 Withholding tax payment**
32 **diversion.**

33 1. If the authority enters into an agreement pursuant to
34 this part, or pursuant to chapter 15E, division XVIII, for
35 any of the incentives or assistance provided under this part,

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1 the authority and the eligible business may agree to credit a
2 portion of the payments required under section 422.16 to the
3 authority as provided in this section.

4 2. a. An eligible business entering into a withholding
5 agreement with the authority pursuant to this section shall
6 remit the total amount of withholding payments due pursuant to
7 section 422.16 to the department of revenue.

8 b. The department of revenue shall, beginning July 1 of each
9 fiscal year, quarterly deposit in a fund created pursuant to
10 section 15.106A an amount equal to two and one-half percent of
11 the gross wages paid by the eligible business to each employee
12 holding a created or retained job covered by an agreement
13 entered into pursuant to this part or chapter 15E, division
14 XVIII, until such deposits reach ten million dollars or until
15 June 30 of the fiscal year, whichever comes first. Moneys to
16 be deposited pursuant to this paragraph shall not be paid to
17 the authority until the correct amounts have been verified by
18 the department of revenue.

19 3. Withholding payments shall be deposited pursuant to this
20 section by the department of revenue for each employee holding
21 a created or retained job for the duration of the agreement
22 between the eligible business and the authority.

23 4. The authority and the eligible business shall provide
24 to the department of revenue any information necessary to
25 correctly process the diversion of withholding tax payments
26 pursuant to this section.

27 5. An employee holding a created or retained job shall
28 receive full credit for the amount withheld as provided in
29 section 422.16.

30 6. If a portion of the employee's gross wages are subject
31 to a withholding credit diversion under chapter 260E, chapter
32 260G, or section 403.19A, or a supplemental withholding credit
33 diversion under sections 15A.7 and 15E.197, when a withholding
34 credit diversion under this section is agreed to, then the
35 withholding payments shall be credited in the following order

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1 of priority:

2 *a.* First, the withholding payments to be credited pursuant
3 to chapters 260E and 260G and sections 15A.7 and 15E.197.

4 *b.* Second, the withholding payments to be credited pursuant
5 to this section until the deposits reach the amount specified
6 in subsection 2.

7 *c.* Third, the withholding payments to be credited pursuant
8 to section 403.19A.

9 7. The authority, in conjunction with the department of
10 revenue, shall adopt rules for the implementation of this
11 section.

12 Sec. 10. Section 15.335A, subsection 1, unnumbered
13 paragraph 1, Code Supplement 2011, is amended to read as
14 follows:

15 Tax incentives are available to eligible businesses as
16 provided in this section. The incentives are based upon the
17 number of jobs created or retained that pay at least one
18 hundred ~~thirty~~ twenty percent of the qualifying wage threshold
19 ~~as computed pursuant to section 15G.112, subsection 4,~~ and
20 the amount of the qualifying investment made according to the
21 following schedule:

22 Sec. 11. Section 15.335A, subsection 2, paragraphs b, c,
23 f, and g, Code Supplement 2011, are amended by striking the
24 paragraphs.

25 Sec. 12. Section 15.335A, subsections 3 and 4, Code
26 Supplement 2011, are amended by striking the subsections.

27 Sec. 13. Section 15.335A, subsection 5, Code Supplement
28 2011, is amended to read as follows:

29 5. The authority shall negotiate the amount of tax
30 incentives provided to an applicant under the program
31 in accordance with this section ~~and section 15G.112, as~~
32 ~~applicable.~~

33 Sec. 14. NEW SECTION. **15.335B Assistance for certain**
34 **programs and projects.**

35 1. *a.* Under the authority provided in section 15.106A,



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1 there shall be established one or more funds within the state
2 treasury, under the control of the authority, to be used for
3 purposes of this section.

4 **b.** A fund established for purposes of this section shall
5 consist of the moneys deposited by the department of revenue
6 pursuant to section 15.331, any moneys appropriated to the
7 authority for purposes of this section, or moneys otherwise
8 accruing to the authority and deposited in the fund for
9 purposes of this section.

10 **c.** Interest or earnings on moneys in a fund used for the
11 purposes of this section, and all repayments or recaptures of
12 the assistance provided under this section, shall accrue to
13 the authority and shall be used for purposes of this section,
14 notwithstanding section 12C.7. Moneys in a fund are not
15 subject to section 8.33.

16 2. **a.** The moneys in a fund established for purposes of
17 this section, as described in subsection 1, shall be allocated
18 by the authority in appropriate amounts to be used for the
19 following purposes:

20 (1) For providing project completion assistance to eligible
21 businesses under this part and for program support of such
22 assistance.

23 (2) For providing economic development region financial
24 assistance under section 15E.232, subsections 1, 3, 4, 5, and
25 6.

26 (3) For providing financial assistance for business
27 accelerators pursuant to section 15E.351.

28 (4) For deposit in the innovation and commercialization
29 fund created pursuant to section 15.412.

30 (5) For providing financial assistance to businesses
31 engaged in disaster recovery.

32 (6) For deposit in the entrepreneur investment awards
33 program fund pursuant to section 15E.363.

34 **b.** Each fiscal year, the authority shall estimate the
35 amount of revenues available for purposes of this section and

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1 shall develop a budget appropriate for the expenditure of the
2 revenues available.

3 3. In providing assistance under this section, the
4 authority shall make a determination as to the amount and
5 type of assistance that is most appropriate for facilitating
6 the successful completion of an eligible business's project.
7 Before making such a determination, the authority shall do all
8 of the following:

9 a. Consider a business's eligibility for the tax incentives
10 available under section 15.335A and ensure that the amount of
11 assistance to be provided appropriately complements the amount
12 and type of tax incentives to be provided.

13 b. Consider the amount of private sector investment to be
14 leveraged by the project, including the eligible business's
15 equity investment, debt financing, and any venture capital or
16 foreign investment available, and make a good-faith effort to
17 provide only the amount of incentives and assistance necessary
18 to facilitate the project's successful completion.

19 c. Consider the amount and type of the local community
20 match. The authority may provide assistance to an early-stage
21 business in a high-growth industry regardless of the amount of
22 local match involved.

23 d. Calculate the fiscal impact ratio of the project and use
24 it to guide the provision of incentives and assistance under
25 this part.

26 e. Evaluate the quality of the project based on the factors
27 described in section 15.329, subsection 5, and any other
28 relevant factors.

29 f. Ensure that the combined amount of incentives and
30 assistance are appropriate to the size of the project, to
31 the value of the project, to the fiscal impact ratio of the
32 project, and to any other relevant factors.

33 4. Each eligible business receiving assistance under this
34 section shall enter into an agreement with the authority and
35 the agreement shall meet the requirements of sections 15.330

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1 and 15.330A.

2 Sec. 15. NEW SECTION. 15.335C Economically distressed
3 areas.

4 1. a. Notwithstanding section 15.329, subsection 1,
5 paragraph "c", the authority may provide tax incentives or
6 project completion assistance under this part to an eligible
7 business paying less than one hundred twenty percent of the
8 qualifying wage threshold if that business is located in an
9 economically distressed area.

10 b. A business in an economically distressed area receiving
11 incentives or assistance pursuant to this section shall be
12 required to pay at least one hundred percent of the qualifying
13 wage threshold.

14 2. For purposes of this section, "economically distressed
15 area" means a county that ranks among the bottom twenty-five of
16 all Iowa counties, as measured by one of the following:

17 a. Average monthly unemployment level for the most recent
18 twelve-month period.

19 b. Average annualized unemployment level for the most recent
20 five-year period.

21 Sec. 16. Section 15A.7, subsection 3, Code Supplement 2011,
22 is amended to read as follows:

23 3. That the employer shall agree to pay wages for the jobs
24 for which the credit is taken of at least the ~~county wage or~~
25 ~~the regional laborshed wage~~, as calculated by the authority
26 pursuant to section ~~15C.112~~ 15.327, subsection 3, ~~whichever~~
27 ~~is lower~~ 7C. Eligibility for the supplemental credit shall
28 be based on a one-time determination of starting wages by the
29 community college.

30 Sec. 17. Section 15E.193, subsection 1, paragraph b,
31 subparagraph (1), Code Supplement 2011, is amended to read as
32 follows:

33 (1) The business shall provide a sufficient package of
34 benefits to each employee holding a created or retained job.
35 For purposes of this paragraph, "created job" and "retained job"

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1 have the same meaning as defined in section ~~15G.101~~ 15.327.

2 Sec. 18. Section 15E.193, subsection 1, paragraphs c and d,
3 Code Supplement 2011, are amended to read as follows:

4 c. The business shall pay a wage that is at least ninety
5 percent of the qualifying wage threshold. For purposes of this
6 paragraph, *"qualifying wage threshold"* has the same meaning as
7 defined in section ~~15G.101~~ 15.327.

8 d. Creates or retains at least ten full-time equivalent
9 positions and maintains them until the maintenance period
10 completion date. For purposes of this paragraph, *"maintenance*
11 *period completion date"* and *"full-time equivalent position"* have
12 the same meanings as defined in section ~~15G.101~~ 15.327.

13 Sec. 19. Section 15E.231, unnumbered paragraph 1, Code
14 Supplement 2011, is amended to read as follows:

15 In order for an economic development region to receive
16 ~~moneys under the economic development financial assistance~~
17 ~~program established in section 15G.112~~ assistance pursuant to
18 section 15.335B, an economic development region's regional
19 development plan must be approved by the authority. An
20 economic development region shall consist of not less than
21 three counties, unless two contiguous counties have a combined
22 population of at least three hundred thousand based on the
23 most recent federal decennial census. An economic development
24 region shall establish a focused economic development effort
25 that shall include a regional development plan relating to one
26 or more of the following areas:

27 Sec. 20. Section 15E.232, subsections 1, 3, 4, 5, and 6,
28 Code Supplement 2011, are amended to read as follows:

29 1. An economic development region may apply for financial
30 assistance from ~~the economic development a fund established~~
31 pursuant to section 15.335B to assist with the installation
32 of physical infrastructure needs including, but not limited
33 to, horizontal infrastructure, water and sewer infrastructure,
34 and telecommunications infrastructure, related to the
35 development of fully served business and industrial sites by

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1 one or more of the region's economic development partners
2 or for the installation of infrastructure related to a
3 new business location or expansion. In order to receive
4 financial assistance pursuant to this subsection, the economic
5 development region must demonstrate all of the following:
6 a. The ability to provide matching moneys on a basis of a
7 one dollar contribution of local matching moneys for every two
8 dollars received from the economic development fund.
9 b. The commitment of the specific business partner
10 including, but not limited to, a letter of intent defining a
11 capital commitment or a percentage of equity.
12 c. That all other funding alternatives have been exhausted.
13 3. An economic development region may apply for financial
14 assistance from ~~the economic development~~ a fund established
15 pursuant to section 15.335B to assist an existing business
16 threatened with closure due to a potential consolidation to an
17 out-of-state location. The economic development region may
18 apply for financial assistance from the economic development
19 fund for the purchase, rehabilitation, or marketing of a
20 building that has become available due to the closing of an
21 existing business due to a consolidation to an out-of-state
22 location. In order to receive financial assistance under this
23 subsection, an economic development region must demonstrate the
24 ability to provide local matching moneys on a basis of a one
25 dollar contribution of local moneys for every three dollars
26 received from the economic development fund.
27 4. An economic development region may apply for financial
28 assistance from ~~the economic development~~ a fund established
29 pursuant to section 15.335B to establish and operate an
30 entrepreneurial initiative. In order to receive financial
31 assistance under this subsection, an economic development
32 region must demonstrate the ability to provide local matching
33 moneys on a basis of a one dollar contribution of local moneys
34 for every two dollars received from the economic development
35 fund.



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1 5. *a.* An economic development region may apply for
2 financial assistance from ~~the economic development a fund~~
3 established pursuant to section 15.335B to establish and
4 operate a business succession assistance program for the
5 region.

6 *b.* In order to receive financial assistance under this
7 subsection, an economic development region must demonstrate
8 the ability to provide local matching moneys on a basis of a
9 one dollar contribution of local moneys for every two dollars
10 received from the economic development fund.

11 6. An economic development region may apply for financial
12 assistance from ~~the economic development a fund~~ established
13 pursuant to section 15.335B to implement economic development
14 initiatives that are either unique to the region or innovative
15 in design and implementation. In order to receive financial
16 assistance under this subsection, an economic development
17 region must demonstrate the ability to provide local matching
18 moneys on a one-to-one basis.

19 Sec. 21. Section 15E.351, subsection 1, Code Supplement
20 2011, is amended to read as follows:

21 1. The economic development authority shall establish and
22 administer a business accelerator program to provide financial
23 assistance for the establishment and operation of a business
24 accelerator for technology-based, value-added agricultural,
25 information solutions, alternative and renewable energy
26 including the alternative and renewable energy sectors listed
27 in section 476.42, subsection 1, paragraph "a", subparagraph
28 (1), or advanced manufacturing start-up businesses or for a
29 satellite of an existing business accelerator. The program
30 shall be designed to foster the accelerated growth of new
31 and existing businesses through the provision of technical
32 assistance. The economic development authority may provide
33 financial assistance under this section from moneys allocated
34 for ~~regional~~ financial assistance for business accelerators
35 pursuant to section ~~15G.111~~ section 15.335B, subsection 9 2.



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1 Sec. 22. NEW SECTION. 15E.362 Entrepreneur investment
2 awards program.

3 1. The authority shall establish and administer an
4 entrepreneur investment awards program for purposes of
5 providing grants to programs that provide technical and
6 financial assistance to entrepreneurs seeking to create,
7 locate, or expand a business in the state if the business
8 derives or intends to derive more than ten percent of its gross
9 sales from markets outside of the state. Financial assistance
10 under the program shall be provided from the entrepreneur
11 investment awards program fund created in section 15E.363.

12 2. In determining whether an entrepreneur assistance
13 program qualifies for a grant under the entrepreneur investment
14 awards program, the authority shall find that the entrepreneur
15 assistance program demonstrates all of the following:

16 a. The entrepreneur assistance program expended at least
17 five hundred thousand dollars in the program's previous
18 fiscal year to provide technical and financial assistance to
19 entrepreneurs seeking to create, locate, or expand a business
20 in the state if the business derives or intends to derive more
21 than ten percent of its gross sales from markets outside of the
22 state. The five hundred thousand dollars in expenditures in
23 the program's previous fiscal year shall not include grants
24 awarded pursuant to this section or any funds invested in
25 clients' businesses.

26 b. The entrepreneur assistance program provides services to
27 meet the broad-based needs of entrepreneurs seeking to create,
28 locate, or expand a business in the state if the business
29 derives or intends to derive more than ten percent of its gross
30 sales from markets outside of the state.

31 c. The entrepreneur assistance program communicates with
32 and cooperates with other entrepreneur assistance programs and
33 similar service providers in the state.

34 d. The entrepreneur assistance program engages various
35 funding sources for entrepreneurs seeking to create, locate,

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1 or expand a business in the state if the business derives or
2 intends to derive more than ten percent of its gross sales from
3 markets outside of the state.

4 *e.* The entrepreneur assistance program communicates with
5 and cooperates with various entities for purposes of locating
6 suitable facilities for clients of the entrepreneur assistance
7 program.

8 *f.* The entrepreneur assistance program is an Iowa-based
9 business.

10 3. In determining whether an entrepreneur assistance
11 program qualifies for a grant under the entrepreneur investment
12 awards program, the authority may consider any of the
13 following:

14 *a.* The business experience of the professional staff
15 employed or retained by the entrepreneur assistance program.

16 *b.* The business plan review capacity of the entrepreneur
17 assistance program's professional staff.

18 *c.* The expertise of the entrepreneur assistance program's
19 professional staff in all aspects of business disciplines.

20 *d.* The entrepreneur assistance program's professional
21 staff's access to external service providers including legal,
22 accounting, marketing, and financial services.

23 4. Upon being awarded a grant under this section, the
24 entrepreneur assistance program shall accept client referrals
25 from the economic development authority.

26 5. The amount of a grant awarded to a qualifying
27 entrepreneur assistance program shall not exceed the lesser of
28 the following for any fiscal year:

29 *a.* An amount equal to twenty-five percent of the funds
30 expended by the qualifying program in the program's previous
31 fiscal year to provide technical and financial assistance to
32 entrepreneurs seeking to create, locate, or expand a business
33 in the state if the business derives or intends to derive more
34 than ten percent of its gross sales from markets outside of
35 the state. For purposes of this paragraph, "funds expended"

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1 shall not include grants awarded pursuant to this section or
2 any funds invested in clients' businesses.

3 **b.** An amount equal to one hundred percent of funds raised by
4 the entrepreneur assistance program in the previous fiscal year
5 from private foundations, federal or local government funds,
6 financial institutions, or individuals.

7 **c.** Two hundred thousand dollars.

8 6. The grant awarded to a qualifying entrepreneur
9 assistance program shall only be used for the purpose of the
10 operating costs incurred by the program.

11 7. The economic development authority board may approve,
12 deny, or defer each application for a grant from the
13 entrepreneur investment awards program fund created in section
14 15E.363.

15 8. The maximum amount of the total grants awarded by the
16 authority for the entrepreneur investment awards program shall
17 not exceed one million dollars in a fiscal year. The authority
18 shall award the grants on a first-come, first-served basis.

19 9. The authority may contract with outside service
20 providers for assistance with the grant program described in
21 this section or may delegate the administration of the program
22 to the Iowa innovation corporation pursuant to section 15.106B.

23 Sec. 23. NEW SECTION. 15E.363 **Entrepreneur investment**
24 **awards program fund.**

25 1. An entrepreneur investment awards program fund is
26 created in the state treasury under the control of the
27 authority and consisting of any moneys appropriated by the
28 general assembly and any other moneys available to and obtained
29 or accepted by the authority for placement in the fund.

30 2. Payments of interest, repayments of moneys provided, and
31 recaptures of moneys provided shall be deposited in the fund.

32 3. The fund shall be used to provide grants under the
33 entrepreneur investment awards program established in section
34 15E.362.

35 4. Moneys in the fund are not subject to section 8.33.

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1 Notwithstanding section 12C.7, interest or earnings on moneys
2 in the fund shall be credited to the fund.

3 Sec. 24. Section 159A.6B, subsection 2, Code Supplement
4 2011, is amended to read as follows:

5 2. The office may execute contracts in order to provide
6 technical support and outreach services for purposes of
7 assisting and educating interested persons as provided in this
8 section. The office may also contract with a consultant to
9 provide part or all of these services. The office may require
10 that a person receiving assistance pursuant to this section
11 contribute up to fifty percent of the amount required to
12 support the costs of contracting with the consultant to provide
13 assistance to the person. The office shall assist the person
14 in completing any technical information required in order
15 to receive assistance by the economic development authority
16 pursuant to ~~the value-added agriculture component of the~~
17 ~~economic development financial assistance program established~~
18 ~~pursuant to section 15G.112~~ section 15.335B.

19 Sec. 25. Section 266.19, Code Supplement 2011, is amended
20 to read as follows:

21 **266.19 Renewable fuel — assistance.**

22 The university shall cooperate in assisting renewable fuel
23 production facilities supporting livestock operations managed
24 by persons receiving assistance pursuant to ~~the value-added~~
25 ~~agriculture component of the economic development financial~~
26 ~~assistance program established in section 15G.112~~ section
27 15.335B.

28 Sec. 26. Section 455B.104, subsection 2, Code Supplement
29 2011, is amended to read as follows:

30 2. The department shall assist persons applying for
31 assistance to establish and operate renewable fuel production
32 facilities pursuant to ~~the value-added agriculture component~~
33 ~~of the economic development financial assistance program~~
34 ~~established in section 15G.112~~ section 15.335B.

35 Sec. 27. REPEAL. Section 455B.433, Code Supplement 2011,

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1 is repealed.

2 Sec. 28. RULES. The economic development authority shall
3 adopt rules for the implementation of this division of this
4 Act.

5 Sec. 29. EFFECTIVE UPON ENACTMENT. The following provision
6 or provisions of this division of this Act, being deemed of
7 immediate importance, take effect upon enactment:

8 1. The section of this division of this Act enacting section
9 15.331.

10 Sec. 30. APPLICABILITY.

11 1. The provision or provisions of this division of this
12 Act, enacting section 15.331, apply retroactively to agreements
13 entered into under the high quality jobs program or the
14 enterprise zones program on or after July 1, 2011, and to
15 awards of incentives or assistance made under those programs on
16 or after July 1, 2011.

17 2. Notwithstanding subsection 1, an agreement that provides
18 for the credit of the payments required under section 422.16
19 shall not provide for the credit of such payments described in
20 subsection 3 on a date prior to July 1, 2012.

21 3. A withholding agreement entered into pursuant to section
22 15.331 shall apply only to withholding payments due under
23 section 422.16 on or after the effective date of section
24 15.331.

25 DIVISION II

26 TARGETED INDUSTRIES PROGRAM

27 Sec. 31. Section 15.102, subsection 11, Code Supplement
28 2011, is amended to read as follows:

29 11. "*Targeted industries*" means the ~~same as defined~~
30 ~~in section 15.411, subsection 1~~ industries of advanced
31 manufacturing, biosciences, and information technology.

32 Sec. 32. Section 15.106B, subsection 2, paragraph d,
33 subparagraph (1), Code Supplement 2011, is amended by adding
34 the following new subparagraph divisions:

35 NEW SUBPARAGRAPH DIVISION. (g) Services related to

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1 outreach and assistance to businesses for small business
2 innovation research and technology transfer pursuant to section
3 15.411, subsection 5, or services related to accelerating the
4 generation and development of innovative ideas and businesses
5 pursuant to section 15.411, subsection 6.

6 NEW SUBPARAGRAPH DIVISION. (h) Services related to the
7 administration of an entrepreneur investment awards program
8 pursuant to section 15E.362.

9 Sec. 33. Section 15.117A, subsection 2, paragraph a,
10 subparagraph (5), Code Supplement 2011, is amended to read as
11 follows:

12 (5) ~~The person appointed as the chief information officer~~
13 ~~pursuant to section 8A.201A, or, if no person has been so~~
14 ~~appointed, the director of the department of administrative~~
15 ~~services workforce development, or the director's designee.~~

16 Sec. 34. Section 15.411, Code Supplement 2011, is amended
17 to read as follows:

18 ~~15.411 Targeted industries~~ Innovative business development —
19 internships — technical and financial assistance.

20 1. As used in this part, unless the context otherwise
21 requires:

22 a. "Innovative business" means the same as defined in
23 section 15E.52.

24 ~~a-~~ b. "Internship" means temporary employment of a student
25 that focuses on providing the student with work experience in
26 the student's field of study.

27 ~~b. "Targeted industries" means the industries of advanced~~
28 ~~manufacturing, biosciences, and information technology.~~

29 2. The authority ~~shall, upon board approval, may~~ contract
30 with service providers on a case-by-case basis for services
31 related to statewide commercialization development ~~in the~~
32 ~~targeted industries of innovative businesses.~~ Services
33 provided shall include all of the following:

34 a. Assistance provided directly to businesses by experienced
35 serial entrepreneurs for all of the following activities:

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- 1 (1) Business plan development.
- 2 (2) Due diligence.
- 3 (3) Market assessments.
- 4 (4) Technology assessments.
- 5 (5) Other planning activities.
- 6 *b.* Operation and coordination of various available
- 7 competitive seed and prototype development funds.
- 8 *c.* Connecting businesses to private angel investors and the
- 9 venture capital community.
- 10 *d.* Assistance in obtaining access to an experienced pool
- 11 of managers and operations talent that can staff, mentor, or
- 12 advise start-up enterprises.
- 13 *e.* Support and advice for accessing sources of early stage
- 14 financing.
- 15 3. The authority shall establish and administer a program
- 16 to provide financial and technical assistance to encourage
- 17 prototype and concept development activities by innovative
- 18 businesses that have a clear potential to lead to commercially
- 19 viable products or services within a reasonable period of time
- 20 ~~in the targeted industries.~~ Financial assistance shall be
- 21 awarded on a per project basis upon board approval. ~~The amount~~
- 22 ~~of financial assistance available for a single project shall~~
- 23 ~~not exceed one hundred fifty thousand dollars.~~ In order to
- 24 receive financial assistance, an applicant must demonstrate
- 25 the ability to secure one dollar of nonstate moneys for every
- 26 two dollars received from the authority. For purposes of this
- 27 section, "financial assistance" means assistance provided only
- 28 from the funds, rights, and assets legally available to the
- 29 authority pursuant to this chapter and includes but is not
- 30 limited to assistance in the form of grants, loans, forgivable
- 31 loans, and royalty payments.
- 32 ~~4. The authority shall, upon board approval, establish~~
- 33 ~~and administer a program to provide financial assistance for~~
- 34 ~~projects designed to encourage collaboration between commercial~~
- 35 ~~users and developers of information technology in the state~~

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1 ~~for the purpose of commercializing existing software and~~
2 ~~applications technologies. Financial assistance shall not~~
3 ~~exceed one hundred thousand dollars per project. In order to~~
4 ~~receive financial assistance, an applicant must demonstrate the~~
5 ~~ability to secure two dollars of nonstate moneys for every one~~
6 ~~dollar received from the authority. Financial assistance shall~~
7 ~~be awarded to projects that will result in technologies being~~
8 ~~developed as commercial products for sale by Iowa companies~~
9 ~~rather than as custom applications for proprietary use by a~~
10 ~~participating firm.~~

11 ~~5. The authority shall, upon board approval, establish~~
12 ~~and administer a program to provide financial assistance to~~
13 ~~businesses or departments of businesses engaged in the delivery~~
14 ~~of information technology services in the state for the purpose~~
15 ~~of upgrading the high-level technical skills of existing~~
16 ~~employees. The amount of financial assistance shall not exceed~~
17 ~~twenty-five thousand dollars for any business site. In order~~
18 ~~to receive financial assistance, an applicant must demonstrate~~
19 ~~the ability to secure two dollars of nonstate moneys for every~~
20 ~~one dollar received from the authority.~~

21 ~~6.~~ 4. The authority shall, upon board approval, establish
22 and administer a ~~targeted industries~~ an innovative businesses
23 internship program for Iowa students. For purposes of this
24 subsection, "*Iowa student*" means a student of an Iowa community
25 college, private college, or institution of higher learning
26 under the control of the state board of regents, or a student
27 who graduated from high school in Iowa but now attends an
28 institution of higher learning outside the state of Iowa. The
29 purpose of the program is to link Iowa students to small and
30 medium sized Iowa firms ~~in the targeted industries~~ through
31 internship opportunities. An Iowa employer may receive
32 financial assistance in an amount of one dollar for every
33 two dollars paid by the employer to an intern. The amount
34 of financial assistance shall not exceed three thousand one
35 hundred dollars for any single internship, or nine thousand

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1 three hundred dollars for any single employer. In order to be
2 eligible to receive financial assistance under this subsection,
3 the employer must have five hundred or fewer employees and must
4 ~~be engaged in a targeted industry~~ an innovative business. The
5 authority shall encourage youth who reside in economically
6 distressed areas, youth adjudicated to have committed a
7 delinquent act, and youth transitioning out of foster care to
8 participate in the ~~targeted industries~~ internship program.

9 ~~7. The economic development authority shall work with the~~
10 ~~department of workforce development to create a statewide~~
11 ~~supplier capacity and product database to assist the economic~~
12 ~~development authority in linking suppliers to Iowa-based~~
13 ~~companies. The economic development authority may procure~~
14 ~~technical assistance for the creation of the database from a~~
15 ~~third party through a request for proposals process.~~

16 ~~8. The technology commercialization committee created~~
17 ~~pursuant to section 15.116 shall review all applications for~~
18 ~~financial assistance and requests for proposals pursuant to~~
19 ~~this section and make recommendations to the board.~~

20 ~~9. In each fiscal year, the authority may transfer~~
21 ~~additional moneys that become available to the authority~~
22 ~~from sources such as loan repayments or recaptures of awards~~
23 ~~from federal economic stimulus funds to the innovation~~
24 ~~and commercialization development fund created in section~~
25 ~~15.412, provided the authority spends those moneys for the~~
26 ~~implementation of the recommendations included in the separate~~
27 ~~consultant reports on bioscience, advanced manufacturing,~~
28 ~~information technology, and entrepreneurship submitted to the~~
29 ~~department in calendar years 2004, 2005, and 2006.~~

30 5. a. (1) The authority shall establish and administer
31 an outreach program for purposes of assisting businesses with
32 applications to the federal small business innovation research
33 and small business technology transfer programs.

34 (2) The goals of this assistance are to increase the number
35 of successful phase II small business innovation research grant

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1 proposals in the state, increase the amount of such grant
2 funds awarded in the state, stimulate subsequent investment by
3 industry, venture capital, and other sources, and encourage
4 businesses to commercialize promising technologies.
5 b. (1) In administering the program, the authority may
6 provide technical and financial assistance to businesses.
7 Financial assistance provided pursuant to this subsection shall
8 not exceed twenty-five thousand dollars to any single business.
9 (2) The authority may require successful applicants to
10 repay the amount of financial assistance received, but shall
11 not require unsuccessful applicants to repay such assistance.
12 Any moneys repaid pursuant to this subsection may be used to
13 provide financial assistance to other applicants.
14 c. The authority may also provide financial assistance
15 for purposes of helping businesses meet the matching funds
16 requirements of the federal small business innovation research
17 and small business technology transfer programs.
18 d. The authority may contract with outside service providers
19 for assistance with the programs described in this subsection
20 or may delegate the functions to be performed under this
21 subsection to the corporation pursuant to section 15.106B.
22 6. a. The authority shall establish and administer a
23 program to accelerate the generation and development of
24 innovative ideas and businesses. The program shall include
25 assistance for the expansion of the proof of commercial
26 relevance concept, the expansion of investment in applied
27 research, and support for a manufacturing extension partnership
28 program.
29 b. The authority may contract with outside service providers
30 for assistance with the program described in this subsection
31 or may delegate the functions to be performed under this
32 subsection to the corporation pursuant to section 15.106B.
33 ~~10.~~ 7. The board shall adopt rules pursuant to chapter 17A
34 necessary for the administration of this section.
35 Sec. 35. Section 15.412, subsections 2 and 3, Code



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1 Supplement 2011, are amended to read as follows:

2 2. Moneys in the fund are appropriated to the authority and,
3 with the approval of the board, shall be used to facilitate
4 agreements, enhance commercialization ~~in the targeted~~
5 ~~industries~~, and increase the availability of skilled workers
6 ~~within the targeted industries~~ in innovative businesses. Such
7 moneys shall not be used for the support of retail businesses,
8 health care businesses, or other businesses requiring a
9 professional license.

10 3. Moneys in the fund, ~~with the approval of the board,~~ may
11 also be used for the following purposes:

12 ~~a.~~ For assistance to entities providing student internship
13 opportunities.

14 ~~b.~~ ~~For increasing career awareness training.~~

15 ~~c.~~ ~~For recruiting management talent.~~

16 ~~d.~~ b. For assistance to entities engaged in prototype and
17 concept development activities.

18 ~~e.~~ c. For developing a statewide commercialization network.

19 ~~f.~~ ~~For deploying and maintaining an Iowa entrepreneur~~
20 ~~website.~~

21 ~~g.~~ ~~For funding asset mapping and supply chain initiatives,~~
22 ~~including for identifying methods of supporting lean~~
23 ~~manufacturing practices or processes.~~

24 ~~h.~~ ~~For information technology training.~~

25 ~~i.~~ ~~For networking events to facilitate the transfer of~~
26 ~~technology among researchers and industries.~~

27 ~~j.~~ ~~For funding student competition programs.~~

28 ~~k.~~ ~~For the purchase of advanced equipment and software~~
29 ~~at Iowa community colleges in order to support training and~~
30 ~~coursework related to the targeted industries.~~

31 d. For establishing and administering the programs described
32 in section 15.411.

33 Sec. 36. Section 15E.52, subsection 1, paragraph c, Code
34 Supplement 2011, is amended to read as follows:

35 ~~c.~~ *"Innovative business"* means a business applying novel

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1 or original methods to the manufacture of a product or the
2 delivery of a service. *"Innovative business"* includes but
3 is not limited to a business engaged in a ~~targeted industry~~
4 ~~as defined in section 15.411~~ the industries of advanced
5 manufacturing, biosciences, and information technology.

6 DIVISION III

7 OTHER ECONOMIC DEVELOPMENT CHANGES

8 Sec. 37. Section 15.106A, subsection 1, paragraph o, Code
9 Supplement 2011, is amended to read as follows:

10 o. Establish one or more funds within the state treasury
11 under the control of the authority. Moneys deposited in or
12 accruing to such a fund are appropriated to the authority for
13 purposes of administering the economic development programs in
14 this chapter, chapter 15E, or such other programs as directed
15 by law. Notwithstanding section 8.33 or 12C.7, or any other
16 provision to the contrary, moneys invested by the treasurer
17 of state pursuant to this subsection shall not revert to the
18 general fund of the state and interest accrued on the moneys
19 shall be moneys of the authority and shall not be credited to
20 the general fund. The nonreversion of moneys allowed under
21 this paragraph does not apply to moneys appropriated to the
22 authority by the general assembly.

23 Sec. 38. Section 15.107B, subsection 1, Code Supplement
24 2011, is amended to read as follows:

25 1. On or before January 31 of each year, the director
26 shall submit to the authority board and the general assembly a
27 report that describes the activities of the authority during
28 the preceding fiscal year. The report shall include detailed
29 information about jobs created, capital invested, wages paid,
30 and awards made under the programs the authority administers.
31 The report may include such other information as the director
32 deems necessary or as otherwise required by law. Subsequent
33 to submitting the report and within the same session of the
34 general assembly, the director shall discuss and review the
35 report with the general assembly's standing committees on

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1 economic growth and rebuild Iowa.

2 Sec. 39. Section 97B.1A, subsection 8, paragraph a,
3 subparagraph (12), Code Supplement 2011, is amended by striking
4 the subparagraph.

5 Sec. 40. REPEAL. Sections 15.103 and 15.104, Code
6 Supplement 2011, are repealed.

7 Sec. 41. HOUSING ENTERPRISE ZONE TAX CREDIT ISSUANCE.

8 1. Notwithstanding section 15E.193B, subsection 4, the
9 authority may issue a tax credit to an eligible housing
10 business for a project not completed within two years from
11 the time the business began construction if a city failed to
12 file the appropriate paperwork with the authority requesting
13 an extension for the project pursuant to section 15E.193B,
14 subsection 4.

15 2. The authorization described in subsection 1 only applies
16 to projects for which a city failed to file an extension
17 between January 1, 2007, and January 1, 2008, and only to
18 benefits earned for a project between February 8, 2005, and
19 February 8, 2008.

20 Sec. 42. EFFECTIVE UPON ENACTMENT. The following provision
21 or provisions of this division of this Act, being deemed of
22 immediate importance, take effect upon enactment:

23 1. The section of this Act amending section 97B.1A.

24 Sec. 43. RETROACTIVE APPLICABILITY. The following
25 provision or provisions of this division of this Act apply
26 retroactively to July 1, 2011:

27 1. The section of this Act amending section 97B.1A.

28 DIVISION IV

29 FILM TAX CREDIT PROGRAM

30 Sec. 44. Section 2.48, subsection 3, paragraph c,
31 subparagraph (5), Code 2011, is amended by striking the
32 subparagraph.

33 Sec. 45. Section 15.119, subsection 2, paragraph b, Code
34 Supplement 2011, is amended by striking the paragraph.

35 Sec. 46. Section 422.7, subsection 52, Code Supplement

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1 2011, is amended by striking the subsection.

2 Sec. 47. Section 422.33, subsections 23 and 24, Code
3 Supplement 2011, are amended by striking the subsections.

4 Sec. 48. Section 422.35, subsection 23, Code Supplement
5 2011, is amended by striking the subsection.

6 Sec. 49. Section 422.60, subsections 10 and 11, Code
7 Supplement 2011, are amended by striking the subsections.

8 Sec. 50. Section 533.329, subsection 2, paragraphs f and g,
9 Code Supplement 2011, are amended by striking the paragraphs.

10 Sec. 51. REPEAL. Sections 15.391, 15.392, 422.11T,
11 422.11U, 432.12J, and 432.12K, Code 2011, are repealed.

12 Sec. 52. REPEAL. Section 15.393, Code Supplement 2011, is
13 repealed.

14 Sec. 53. EFFECTIVE UPON ENACTMENT. This division of this
15 Act, being deemed of immediate importance, takes effect upon
16 enactment.

17 Sec. 54. RETROACTIVE APPLICABILITY. This division of this
18 Act applies retroactively to January 1, 2012, for tax years
19 beginning on or after that date.

20 Sec. 55. APPLICABILITY. This division of this Act does not
21 apply to contracts or agreements entered into on or before the
22 effective date of this division of this Act.

23 EXPLANATION

24 This bill relates to economic development and the use of
25 funds by establishing programs and funds, affecting programs,
26 tax incentives, and project completion and other assistance
27 administered by the economic development authority. The bill
28 diverts withholding tax payments for such programs, incentives,
29 and assistance. The bill provides general spending authority
30 to the economic development authority for funds established
31 pursuant to Code section 15.106A. The bill abolishes the film
32 tax credit program.

33 HIGH QUALITY JOBS PROGRAM. Division I relates to assistance
34 in the high quality jobs program and related assistance and
35 programs.

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1 The bill amends Code chapter 15, part 13, to provide for
2 assistance when providing for incentives. The bill includes
3 amendments to definitions, which incorporate the language of
4 the definitions in Code chapter 15G, the economic development
5 fund and financial assistance program (formerly, the grow Iowa
6 values fund and program), which is repealed June 30, 2012, with
7 some modifications. The bill transfers the definitions of
8 "created job", "maintenance period completion date", "retained
9 job", "financial assistance", "full-time equivalent position",
10 "maintenance period", and "project completion period" from Code
11 section 15G.101 to Code section 15.327.

12 The bill transfers the definitions of "benefit", "fiscal
13 impact ratio", "project completion date", "qualifying wage
14 threshold", and "base employment level" from Code section
15 15G.101 to Code section 15.327, with modifications. The bill
16 changes the definition of "benefit" by providing that the
17 economic development board, rather than the authority, shall
18 determine any other nonwage compensation that is considered a
19 benefit. The bill changes the calculation of a "fiscal impact
20 ratio". The estimated taxes to be received by the state from a
21 business would be divided by the estimated cost to the state of
22 providing certain project completion assistance and incentives
23 to the business rather than dividing the estimated taxes by
24 the cost of providing financial incentives to the business.
25 The bill amends the definition of "project completion date"
26 to provide that the person may be a recipient of project
27 completion assistance rather than financial assistance. The
28 bill amends the definition of "qualifying wage threshold".
29 The bill provides that the qualifying wage threshold means
30 the "laborshed wage" as defined in the bill rather than the
31 county or regional wage. The bill provides that the "base
32 employment level" is calculated as of the date the business
33 applies for incentives or project completion assistance rather
34 than financial assistance.

35 The bill also adds definitions for "business engaged

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1 in disaster recovery", "fund", "laborshed wage", "program
2 support", and "project completion assistance" in Code section
3 15.327. The bill provides that a "business engaged in
4 disaster recovery" means a business located in a federally
5 declared disaster area that sustained substantial physical
6 damage and closed as a result of the disaster, but has a plan
7 for reopening that includes employing a substantial number
8 of the employees the business employed before the natural
9 disaster. The bill provides that "fund" means a fund created
10 pursuant to new Code section 15.335B. The bill provides that
11 "laborshed wage" means the wage level represented by those
12 wages within two standard deviations from the mean wage within
13 the laborshed area, as calculated by the authority. The bill
14 defines "program support" as the services necessary for the
15 efficient administration of the high quality jobs program.
16 The bill defines "project completion assistance" as financial
17 or technical assistance provided to an eligible business
18 to facilitate the start-up, location, or expansion of the
19 business.

20 The bill strikes the definitions for "benefits", "county
21 wage", "qualifying wage threshold", and "regional wage" as used
22 in Code section 15.335A, as those definitions placed by the
23 bill in Code section 15.327 also apply to Code section 15.335A.

24 The bill amends Code section 15.329 regarding qualifying
25 wage thresholds for eligible businesses. The current law
26 requires that any jobs created or retained pay at least
27 130 percent of the qualifying wage threshold at the project
28 completion date until the maintenance period completion
29 date. The bill provides that a business eligible to receive
30 incentives or assistance for creating or retaining jobs must
31 pay at least 120 percent of the qualifying wage threshold
32 at the project completion date until the maintenance period
33 completion date. The bill also eliminates a credit against
34 the qualifying wage threshold for businesses that create or
35 retain jobs with sufficient benefits packages. However, the

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1 bill allows the authority to provide assistance to a business
2 paying less than 120 percent but at least 100 percent of the
3 qualifying wage threshold if the business is located in an
4 economically distressed area. An economically distressed
5 area is defined in the bill as a county that ranks among the
6 bottom 25 counties in Iowa based on either the average monthly
7 unemployment level for the most recent 12-month period, or
8 the average annualized unemployment level for the most recent
9 five-year period.

10 The bill amends Code section 15.330 to include financial
11 assistance where the statutory language provides for
12 incentives. The bill also amends Code section 15.330 to
13 eliminate references to Code chapter 15G, the economic
14 development fund and financial assistance program, which is
15 repealed on June 30, 2012.

16 The bill provides that an agreement between the business
17 and the authority that specifies the requirements to be met
18 to confirm eligibility must include the amount and type of
19 project completion assistance to be provided, the amount of
20 matching funds from a city or county, a provision that the
21 business shall not relocate or reduce operations as those
22 terms are modified in the bill, a provision that the proposed
23 project shall not negatively impact other businesses in
24 competition with the business being considered for assistance,
25 a report submitted to the authority describing violations of
26 environmental law or worker safety law, a provision that the
27 business shall only employ individuals legally authorized to
28 work in the state, and any terms necessary to effect compliance
29 with the eligibility requirements of Code section 15.329.

30 The bill adds new Code section 15.330A regarding the
31 maintenance of agreements. The new Code section provides that
32 an eligible business that is receiving incentives or assistance
33 must meet the terms and obligations in the agreement by the
34 project completion date and the business must comply with the
35 agreement throughout the maintenance period. If the recipient

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1 business experiences a layoff or closure within the state, the
2 authority is authorized to reduce or eliminate part or all of
3 the incentives or assistance. The business may also be subject
4 to repayment of the incentives and assistance. The bill allows
5 the authority to enforce the terms of an agreement as necessary
6 and appropriate.

7 The bill eliminates the county wage or regional wage
8 calculations as a tool for determining whether to grant a
9 project-specific waiver. The bill also eliminates a provision
10 that prohibits the authority from approving more than \$3.6
11 million worth of investment tax credits for projects with
12 qualifying investments of less than \$1 million.

13 The bill provides that one or more funds shall be established
14 within the state treasury to be used for assistance under
15 newly created Code section 15.335B. One of the funds shall
16 consist of moneys appropriated to the authority or accrued
17 by the authority for purposes of Code section 15.335B or
18 moneys deposited by the department of revenue pursuant to a
19 withholding tax diversion through new Code section 15.331.
20 Moneys in the fund shall be used for project completion
21 assistance, economic development region financial assistance,
22 financial assistance for business accelerators, the innovation
23 and commercialization fund, financial assistance to businesses
24 engaged in disaster recovery, and the entrepreneur investment
25 awards programs fund.

26 The bill provides that the authority shall estimate the
27 revenues available for project completion and shall develop
28 a budget for the expenditure of funds each fiscal year. In
29 providing assistance, the authority shall make determinations
30 as to the amount and type of assistance that is most
31 appropriate. Each eligible business that receives assistance
32 under Code section 15.335B must enter into an agreement with
33 the authority that meets the requirements of agreements under
34 the high quality jobs program pursuant to Code sections 15.330
35 and 15.330A.

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1 The bill establishes an entrepreneur investment awards
2 program that provides grants to Iowa-based entrepreneur
3 assistance programs that are involved in providing technical
4 and financial assistance to entrepreneurs seeking to create,
5 locate, or expand a business in the state if the business
6 derives or intends to derive more than 10 percent of its gross
7 sales from markets outside of the state. To qualify for a
8 grant under the entrepreneur investment awards program, the
9 bill requires an entrepreneur assistance program to demonstrate
10 to the authority that the program has expended \$500,000 in
11 the program's previous fiscal year to provide technical and
12 financial assistance to entrepreneurs seeking to create,
13 locate, or expand a business in the state if the business
14 derives or intends to derive more than 10 percent of its gross
15 sales from markets outside the state. The amount of a grant to
16 a qualifying entrepreneur assistance program shall not exceed
17 the lesser of the following: an amount equal to 25 percent of
18 the funds expended by the qualifying program in the program's
19 previous fiscal year to provide technical and financial
20 assistance to the identified entrepreneurs; 100 percent of
21 funds raised by the entrepreneur assistance program in the
22 previous fiscal year from private foundations, federal or local
23 government funds, financial institutions, or individuals;
24 or \$200,000. The funds expended shall not include grants
25 awarded pursuant to the bill or any funds invested in clients'
26 businesses. The authority will examine whether an entrepreneur
27 assistance program qualifies for the award and the economic
28 development authority board can approve, deny, or defer the
29 application for a grant. The total grants awarded in a fiscal
30 year under the entrepreneur investment awards program shall not
31 exceed \$1 million and the authority shall award the grants on
32 a first-come, first-served basis. The authority may contract
33 with outside service providers for assistance with this grant
34 program, or may delegate the administration of the program to
35 the Iowa innovation corporation.

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1 The bill also creates a fund for the entrepreneur investment
2 awards program. The fund is under the control of the
3 authority. The fund shall be used to provide the grants to
4 qualifying entrepreneur assistance programs. Moneys in the
5 fund are not subject to reversion of funds or interest.
6 The bill repeals Code section 455B.433 regarding assistance
7 for necessary physical infrastructure projects.
8 The bill enacts new Code section 15.331 providing that
9 the authority may enter into agreements with recipients of
10 financial assistance under the high quality jobs program and
11 the enterprise zones program that allow for the diversion of
12 withholding tax payments pursuant to Code section 422.16 from
13 the department of revenue to the authority. The diversion
14 amount will be 2.5 percent of gross wages paid by eligible
15 businesses to each employee considered to be holding a created
16 or retained job. The bill provides that the authority may
17 only deposit \$10 million from this diversion each fiscal year.
18 The bill establishes a priority withholding order if the
19 employee's wages are subject to another withholding diversion.
20 The bill provides that the withholding diversion in new Code
21 section 15.331 takes effect upon enactment and applies to
22 agreements entered into and awards of incentives and assistance
23 made under the high quality and enterprise zones programs
24 on or after July 1, 2011. However, a withholding agreement
25 entered into pursuant to Code section 15.331 applies only to
26 withholding payments due under Code section 422.16 on or after
27 the effective date of Code section 15.331.
28 The bill removes references to the economic development
29 fund and financial assistance program and replaces it with the
30 assistance created by new Code section 15.335B.
31 TARGETED INDUSTRIES PROGRAM. Division II relates to the
32 targeted industries program. The term "targeted industries"
33 in Code section 15.411 is replaced with "innovative business".
34 The bill no longer requires board approval for the authority
35 to contract with service providers for services related to



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1 commercialization development. The bill removes the \$150,000
2 limitation on financial assistance for a single project of an
3 innovative business. The bill removes the requirement that the
4 authority administer a program to provide financial assistance
5 for projects designed to encourage collaboration between
6 commercial users and developers of information technology.
7 The bill also removes the requirement the authority establish
8 and administer a program to provide financial assistance to
9 business or business departments engaged in the delivery
10 of information technology services in the state. The bill
11 eliminates the requirement that the authority and department
12 of workforce development create a statewide supplier capacity
13 and product database. The bill provides that applications for
14 financial assistance under the innovative businesses program
15 no longer require a review by the technology commercialization
16 committee. The bill removes the transfer provisions relating
17 to money received by the authority as loan repayments or
18 recaptures of federal economic stimulus funds.

19 The bill requires the authority to establish and administer
20 an outreach program to assist businesses with applications
21 to the federal small business innovation research and small
22 business technology transfer programs. The authority may
23 contract with outside service providers for assistance
24 with the outreach program and the entrepreneur investment
25 awards program or may delegate the administration of the
26 programs to the Iowa innovation corporation pursuant to
27 Code section 15.106B. The authority may provide technical
28 or financial assistance and may require that successful
29 applicants repay any financial assistance received. The
30 bill specifies that moneys appropriated to the innovation
31 and commercialization development fund shall not be used for
32 retail businesses, health care businesses, or other businesses
33 requiring a professional license. The bill also reduces the
34 number of purposes for which money in the innovation and
35 commercialization development fund may be used.

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1 The bill provides that the authority shall establish
2 and administer a program to accelerate the generation and
3 development of innovative ideas and businesses, which includes
4 assistance for the expansion of the proof of commercial
5 relevance concept, the expansion of investment in applied
6 research, and support for a manufacturing extension partnership
7 program. The authority may contract with outside providers for
8 assistance with this program or may delegate the functions to
9 the Iowa innovation corporation.

10 The bill removes the department of administrative services'
11 chief information officer, director, or the director's designee
12 from the membership of the Iowa innovation council, and
13 replaces that member with the director of the department of
14 workforce development, or the director's designee.

15 OTHER ECONOMIC DEVELOPMENT CHANGES. Division III of the
16 bill repeals Code sections 15.103 and 15.104, relating to the
17 economic development board, which was replaced by the economic
18 development authority board in Code section 15.105.

19 The bill provides spending authority for moneys deposited
20 in or accruing to funds established pursuant to Code section
21 15.106A for the purposes of administering economic development
22 programs in Code chapters 15 and 15E, or other programs as
23 directed by law.

24 The bill amends Code section 15.107B regarding the director
25 of the economic development authority's reporting requirements.
26 The bill provides that the director shall submit a report to
27 the general assembly, in addition to the authority board,
28 regarding the activities of the authority in the previous
29 fiscal year. The report shall include detailed information
30 about jobs created, capital invested, wages paid, and awards
31 made. The bill also requires the director to discuss and
32 review the report with the general assembly's standing
33 committees on economic growth and rebuild Iowa during the same
34 legislative session that the report was submitted.

35 The bill strikes persons employed by the economic

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1 development authority after July 1, 2011, from the definition
2 of an "employee" that can opt out of the Iowa public employees'
3 retirement system. This provision of the bill is effective
4 upon enactment and applies retroactively to July 1, 2011.

5 The bill provides that, notwithstanding the requirements
6 for an eligible housing business found in section 15E.193B,
7 subsection 4, the economic development authority may issue
8 a tax credit to an eligible housing business for a project
9 not completed within two years from the time the business
10 began construction if the city failed to file the appropriate
11 paperwork with the authority requesting an extension. This
12 provision only applies to projects for which a city failed to
13 file an extension between January 1, 2007, and January 1, 2008,
14 and the benefits earned for a project between February 8, 2005,
15 and February 8, 2008.

16 FILM TAX CREDIT PROGRAM. Division IV repeals the film tax
17 credit program and the tax credits provided under that program.

18 The bill makes changes corresponding to the repeal of the
19 program and the related tax credits.



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Senate File 2341 - Introduced

SENATE FILE 2341
BY GRONSTAL and BEHN

A BILL FOR

1 An Act making changes to the controlled substance schedules,
2 providing for penalties, and including effective date
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 DIVISION I
2 RECLASSIFICATION OF SUBSTANCES AND CONTROLLED SUBSTANCES
3 Section 1. Section 124.204, subsection 9, Code Supplement
4 2011, is amended by striking the subsection.
5 Sec. 2. Section 124.206, subsection 6, Code 2011, is amended
6 by adding the following new paragraph:
7 NEW PARAGRAPH. *c.* Immediate precursor to fentanyl:
8 4-anilino-N-phenethyl-4-piperidine (ANPP).
9 Sec. 3. Section 124.208, subsection 6, Code 2011, is amended
10 by adding the following new paragraphs:
11 NEW PARAGRAPH. *bh.* Boldione
12 (androsta-1,4-diene-3,17-dione).
13 NEW PARAGRAPH. *bi.* Desoxymethyltestosterone
14 (17[alpha]-methyl-5[alpha]-androst-2-en-17[beta]-ol);
15 also known as madol.
16 NEW PARAGRAPH. *bj.* 19-nor-4,9(10)-androstadienedione
17 (estra-4,9(10)diene-3,17-dione).
18 Sec. 4. Section 124.210, subsection 3, Code 2011, is amended
19 by adding the following new paragraph:
20 NEW PARAGRAPH. *oe.* Carisoprodol.
21 Sec. 5. Section 124.212, subsection 5, Code 2011, is amended
22 by adding the following new paragraph:
23 NEW PARAGRAPH. *oa.* Ezogabine
24 [N-[2-amino-4(4-fluorobenzylamino)-phenyl]carbamic acid ethyl
25 ester].
26 Sec. 6. Section 124B.2, subsection 1, Code 2011, is amended
27 by adding the following new paragraph:
28 NEW PARAGRAPH. *aa.* Ergocristine and its salts.

29 DIVISION II
30 SCHEDULE I CONTROLLED SUBSTANCES
31 Sec. 7. Section 124.201, subsection 4, Code 2011, is amended
32 to read as follows:
33 4. If any new substance is designated as a controlled
34 substance under federal law and notice of the designation is
35 given to the board, the board shall similarly designate as

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1 controlled the new substance under this chapter after the
2 expiration of thirty days from publication in the Federal
3 Register of a final order designating a new substance as a
4 controlled substance, unless within that thirty-day period
5 the board objects to the new designation. In that case the
6 board shall publish the reasons for objection and afford
7 all interested parties an opportunity to be heard. At
8 the conclusion of the hearing the board shall announce its
9 decision. Upon publication of objection to a new substance
10 being designated as a controlled substance under this chapter
11 by the board, control under this chapter is stayed until the
12 board publishes its decision. If a substance is designated
13 as controlled by the board under this paragraph subsection
14 the control shall be temporary and if within sixty days after
15 the next regular session of the general assembly convenes it
16 has not made the corresponding changes in this chapter, the
17 temporary designation of control of the substance by the board
18 shall be nullified.

19 Sec. 8. Section 124.204, subsection 4, paragraph ai, Code
20 Supplement 2011, is amended by striking the paragraph and
21 inserting in lieu thereof the following:

22 *ai.* (1) Salvia divinorum.

23 (2) Salvinorin A.

24 (3) HU-210. [(6aR,10aR)-9-(hydroxymethyl)-6,6-
25 dimethyl-3-(2-methyloctan-2-yl) 6a,7,10,10a-tetrahydrobenzo[c]
26 chromen-1-ol)].

27 (4) HU-211(dexanabinol, (6aS,10aS)-9-(hydroxymethyl)-6,6-
28 dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]
29 chromen-1-ol).

30 (5) Unless specifically exempted or unless listed in
31 another schedule, any material, compound, mixture, or
32 preparation which contains any quantity of cannabimimetic
33 agents, or which contains their salts, isomers, and salts of
34 isomers whenever the existence of such salts, isomers, and
35 salts of isomers is possible within the specific chemical

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1 designation.

2 (a) The term "*cannabimimetic agents*" means any substance
3 that is a cannabinoid receptor type 1 (CB1 receptor) agonist as
4 demonstrated by binding studies and functional assays within
5 any of the following structural classes:

6 (i) 2-(3-hydroxycyclohexyl)phenol with substitution at the
7 5-position of the phenolic ring by alkyl or alkenyl, whether or
8 not substituted on the cyclohexyl ring to any extent.

9 (ii) 3-(1-naphthoyl)indole or 3-(1-naphthylmethane)indole
10 by substitution at the nitrogen atom of the indole ring,
11 whether or not further substituted on the indole ring to any
12 extent, whether or not substituted on the naphthoyl or naphthyl
13 ring to any extent.

14 (iii) 3-(1-naphthoyl)pyrrole by substitution at the
15 nitrogen atom of the pyrrole ring, whether or not further
16 substituted in the pyrrole ring to any extent, whether or not
17 substituted on the naphthoyl ring to any extent.

18 (iv) 1-(1-naphthylmethylene)indene by substitution of
19 the 3-position of the indene ring, whether or not further
20 substituted in the indene ring to any extent, whether or not
21 substituted on the naphthyl ring to any extent.

22 (v) 3-phenylacetylindole or 3-benzoylindole by substitution
23 at the nitrogen atom of the indole ring, whether or not further
24 substituted in the indole ring to any extent, whether or not
25 substituted on the phenyl ring to any extent.

26 (b) Such terms include:

27 (i) CP 47,497 and homologues 5-(1,1-dimethylheptyl)-
28 2-[(1R,3S)-3-hydroxycyclohexyl]phenol.

29 (ii) JWH-018 and AM678 1-Pentyl-3-(1-naphthoyl)indole.

30 (iii) JWH-073 1-Butyl-3-(1-naphthoyl)indole.

31 (iv) JWH-200[1-[2-(4-morpholinyl)ethyl]-1H-indol-3-yl]-1-
32 naphthalenyl-methanone.

33 (v) JWH-19 1-hexyl-3-(1-naphthoyl)indole.

34 (vi) JWH-81 1-pentyl-3-[1-(4-methoxynaphthoyl)]indole.

35 (vii) JWH-122 1-pentyl-3-(4-methyl-1-naphthoyl)indole.

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- 1 (viii) JWH-250 1-pentyl-3-
2 (2-methoxyphenylacetyl)indole.
3 (ix) RCS-4 and SR-19 1-pentyl-3-[(4-methoxy)-benzoyl]indole.
4 (x) RCS-8 and SR 18 1-cyclohexylethyl-3-
5 (2-methoxyphenylacetyl)indole.
6 (xi) AM2201 1-(5-fluoropentyl)-3-(1-naphthoyl)indole.
7 (xii) JWH-203 1-pentyl-3-(2-chlorophenylacetyl)indole.
8 (xiii) JWH-398 1-pentyl-3-(4-chloro-1-naphthoyl)indole.
9 (xiv) AM694 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole.
10 (xv) Cannabicyclohexanol or CP-47,497 C8-homolog
11 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol.
12 (6) Mitragyna speciosa.
13 (7) Mitragynine.
14 Sec. 9. Section 124.204, subsection 6, Code Supplement
15 2011, is amended by adding the following new paragraph:
16 NEW PARAGRAPH. i. Any substance, compound, mixture or
17 preparation which contains any quantity of any synthetic
18 cathinone that is not approved as a pharmaceutical, including
19 but not limited to the following:
20 (1) Mephedrone, also known as 4-methylmethcathinone,(RS)-2-
21 methylamino-1-(4-methylphenyl) propan-1-one.
22 (2) 3,4-methylenedioxypyrovalerone
23 (MDPV)[(1-(1,3- Benzodioxol-5-yl)-2-(1-pyrrolidinyl)-
24 1-pentanone].
25 (3) Methylone, also known as
26 3,4-methylenedioxymethcathinone.
27 (4) Naphthylpyrovalerone (naphyrone).
28 (5) 4-fluoromethcathinone(flephedrone) or a positional
29 isomer of 4-fluoromethcathinone.
30 (6) 4-methoxymethcathinone (methedrone;Bk-PMMA).
31 (7) Ethcathinone.
32 (8) 3,4-methylenedioxylethcathinone(ethylone).
33 (9) Beta-keto-N-methyl-3,4-benzodioxolybutanamine
34 (butylone).
35 (10) N,N-dimethylcathinone(metamfepramone).

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- 1 (11) Alpha-pyrrolidinopropiophenone (alpha-PPP).
2 (12) 4-methoxy-alpha-pyrrolidinopropiophenone (MOPPP).
3 (13) 3,4-methylenedioxy-alpha-pyrrolidinopropiophenone
4 (MDPPP).
5 (14) Alpha-pyrrolidinovalerophenone (alpha-PVP).
6 (15) 6,7-dihydro-5H-indeno-
7 (5,6-d)-1,3-dioxol-6-amine) (MDAI).
8 (16) 3-fluoromethcathinone.
9 (17) 4'-Methyl-alpha-pyrrolidinobutiophenone (MPBP).
10 (18) 2-(2,5-Dimethoxy-4-ethylphenyl)ethanamine (2C-E).
11 (19) 2-(2,5-Dimethoxy-4-methylphenyl)ethanamine (2C-D).
12 (20) 2-(4-Chloro-2,5-dimethoxyphenyl)ethanamine (2C-C).
13 (21) 2-(4-Iodo-2,5-dimethoxyphenyl)ethanamine (2C-I).
14 (22) 2-[4-(Ethylthio)-2,5-dimethoxyphenyl]ethanamine
15 (2C-T-2).
16 (23) 2-[4-(Isopropylthio)-2,5-dimethoxyphenyl]ethanamine
17 (2C-T-4).
18 (24) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H).
19 (25) 2-(2,5-Dimethoxy-4-nitrophenyl)ethanamine (2C-N).
20 (26) 2-(2,5-Dimethoxy-4-(n)-propylphenyl)ethanamine (2C-P).
21 Sec. 10. Section 124.401, subsection 1, paragraph d, Code
22 Supplement 2011, is amended to read as follows:
23 d. Violation of this subsection, with respect to any other
24 controlled substances, counterfeit substances, or simulated
25 controlled substances classified in section 124.204, subsection
26 4, paragraph "ai", section 124.204, subsection 6, paragraph "i",
27 or classified in schedule IV or V is an aggravated misdemeanor.
28 However, violation of this subsection involving fifty kilograms
29 or less of marijuana or involving flunitrazepam is a class "D"
30 felony.
31 Sec. 11. EFFECTIVE UPON ENACTMENT. This division of this
32 Act, being deemed of immediate importance, takes effect upon
33 enactment.

34 EXPLANATION

35 This bill makes changes to the controlled substance

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1 schedules.

2 DIVISION I. The bill removes two controlled substances
3 (benzylfentanyl and thenylfentanyl) from the schedule I
4 classification of controlled substances to conform with action
5 undertaken by the federal drug enforcement administration.

6 The bill classifies ANPP, a precursor substance for
7 fentanyl, as a schedule II controlled substance.

8 The bill classifies three anabolic steroids as schedule III
9 controlled substances.

10 The bill classifies the depressant carisoprodol also
11 known as "soma" as a schedule IV controlled substance to
12 conform with action undertaken by the federal drug enforcement
13 administration.

14 The bill classifies the depressant ezogabine as a schedule V
15 controlled substance to conform with action undertaken by the
16 federal drug enforcement administration. The drug is used to
17 treat epilepsy.

18 The bill classifies ergocristine and its salts as a
19 precursor substance for lysergic acid diethylamide (LSD).

20 The classification results in new control and reporting
21 requirements.

22 It is a class "C" felony pursuant to Code section
23 124.401(1)(c)(8), for any unauthorized person to violate a
24 provision of Code section 124.401, involving a classified
25 substance placed on schedule I, II, or III pursuant to the
26 bill. A class "C" felony for this particular offense is
27 punishable by confinement for no more than 10 years and a fine
28 of at least \$1,000 but not more than \$50,000.

29 If a person possesses a controlled substance in violation of
30 Code section 124.401(5) as a first offense, the person commits
31 a serious misdemeanor. A serious misdemeanor is punishable by
32 confinement for no more than one year and a fine of at least
33 \$315 but not more than \$1,875.

34 DIVISION II. The bill adds numerous synthetic cannabinoids,
35 also known as "K2", to the list of schedule I controlled

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1 substances in Code section 124.204(4)(ai).

2 The bill also adds numerous substances containing any
3 quantity of any synthetic cathinone that are not approved
4 pharmaceuticals to the list of schedule I controlled substances
5 in Code section 124.204(6).

6 A schedule I controlled substance is considered to have a
7 high potential for abuse and no medical purpose in treatment in
8 the United States or lacks accepted safety standards for use
9 in treatment.

10 Under the bill, it is an aggravated misdemeanor pursuant
11 to Code section 124.401(1)(d) for any unauthorized person to
12 manufacture, deliver, or possess with the intent to manufacture
13 or deliver a synthetic cannabinoid classified as a schedule I
14 controlled substance in Code section 124.204(4)(ai) including
15 its counterfeit or simulated form, or to act with, enter into
16 a common scheme or design with, or conspire with one or more
17 persons to manufacture, deliver, or possess with the intent to
18 manufacture or deliver such a schedule I controlled substance.

19 It is also an aggravated misdemeanor pursuant to Code
20 section 124.401(1)(d) under the bill for any unauthorized
21 person to manufacture, deliver, or possess with the intent to
22 manufacture or deliver a synthetic cathinone classified as a
23 schedule I controlled substance in Code section 124.204(6)(i)
24 including its counterfeit or simulated form, or to act with,
25 enter into a common scheme or design with, or conspire with one
26 or more persons to manufacture, deliver, or possess with the
27 intent to manufacture or deliver such a schedule I controlled
28 substance.

29 It is also a serious misdemeanor for a first offense
30 violation of Code section 124.401(5) for any unauthorized
31 person to possess a controlled substance classified as a
32 schedule I controlled substance.

33 An aggravated misdemeanor is punishable by confinement for
34 no more than two years and a fine of at least \$625 but not
35 more than \$6,250. A serious misdemeanor is punishable by

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1 confinement for no more than one year and a fine of at least
2 \$315 but not more than \$1,875.
3 Division II takes effect upon enactment.